

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

London, Saturday-Sunday, January 23-24, 1999

No. 36,046

TODAY:
Quarterly Funds Review Page 15

IOC Scandal Hits Sydney; Cash Bribes Reported

Australian Official Says He Offered \$70,000 To Africans Before Vote

The Associated Press

LAUSANNE, Switzerland — The Olympic corruption scandal grew dramatically Friday when an Australian official said he offered \$70,000 in inducements to two African IOC members the night before Sydney won the 2000 Summer Games by two votes.

Australia's senior International Olympic Committee member, who said he was not involved in the offer, acknowledged that it could be considered a bribe and bring demands for Sydney to be stripped of the Games.

The latest development in the growing crisis came on the same day that a Libyan delegate became the second IOC member to resign amid vote-buying allegations in Salt Lake City's selection as host of the 2002 Winter Games. (Page 19)

John Coates, president of the Australian Olympic Committee and a leader of the 2000 Sydney bid, said he offered \$55,000 apiece to two African national Olympic committees, according to Australian news reports.

The offers were made at a dinner in Monte Carlo on Sept. 22, 1993, the night before Sydney won out over Beijing for the 2000 Games, Mr. Coates reportedly said.

"I thought it was necessary for us to show our commitment to those NOCs with a view to winning those votes," the Sydney Morning Herald quoted Mr. Coates as saying. "My view was it might encourage them to consider their votes for Sydney."

Sydney won, 45 to 43.

Mr. Coates reportedly denied that the money was a bribe and said it helped support sports in the African countries. Details of the offer were contained in a package of previously confidential bid documents released to Australian news media by Mr. Coates, who was in Australia and not immediately available for comment.

The documents also disclosed that Mr. Coates wrote to the delegates a month before the vote, offering to put them up at Sydney's expense at the luxury Dorchester Hotel in London on their way to Monaco.

Kevan Gosper, an IOC executive-board member from Australia, said the reports indicated that the inducements offered by Mr. Coates went "beyond goodwill."

"It seems that John's decision was intended to influence the IOC members' thinking," Mr. Gosper said. "The perception may not match John's intention, the event having taken place the night before the vote."

"I can see this being viewed as questionable conduct. The perception will be quite damaging to Sydney. It's a very serious revelation. I think a lot of people will be destabilized."

Mr. Gosper was a senior official in the Sydney bid, but he said he was unaware of the offers until a journalist called him Friday.

Mr. Gosper said he immediately brought the matter to the attention of the IOC president, Juan Antonio Samaranch, on Friday. He described Mr. Samaranch's reaction as "one of serious concern."

Mr. Gosper said the revelations were serious enough to raise the issue of whether Sydney should keep the Games.

"I can't rule it out that some may call for the Games not to proceed in Sydney," he said, indicating that even some IOC officials may feel that way. "I think the Chinese reaction will be important. There were really only two cities in the race."

Mr. Gosper said he would urge the IOC this weekend to endorse the 1993 vote awarding the Games to Sydney. He also called for all of Sydney's documents to be made public and said the IOC should consider a full-scale inquiry into the city's bid.

Mr. Gosper did not rule out that Mr. Coates would resign over the matter. He said he had not spoken to Mr. Coates directly, but defended him as an "extremely competent" and "first-rate" Olympic chief.



Mr. Clinton speaking at the National Academy of Sciences as Sandy Berger, national security adviser, looks on.

Marketing John Paul II Uproar Over a Selling Frenzy in Mexico

By John Ward Anderson
Washington Post Service

MEXICO CITY — Pope John Paul II arrived in Mexico on Friday, and the Roman Catholic Church assembled an all-star roster of corporate sponsors for his visit. Among the more than two dozen "official sponsors": PepsiCo, Federal Express Corp., Sheraton Hotels, Eastman Kodak Co., Hewlett-Packard Co. and Mercedes-Benz.

The sponsorships, designed to help defray the estimated \$2 million cost of the four-day visit, have outraged many Mexicans. Critics complain that the church and the Mexican government have adequate resources to pick up the tab rather than permit defiling of the Pope's image through commercialization.

Church officials here said that without the sponsorships they might have had to charge people — many of them poor — to attend the Pope's appearances during his fourth visit to Mexico. He leaves Mexico Tuesday for St. Louis and a meeting with President Bill Clinton.

The bill for such visits is usually paid for by the host country and its branch of the Catholic Church, and sales of papal memorabilia have often helped cover costs. But in Mexico, in the view of religious scholars as well as many

priests and church members, the mixing of the spiritual and the commercial has gone overboard.

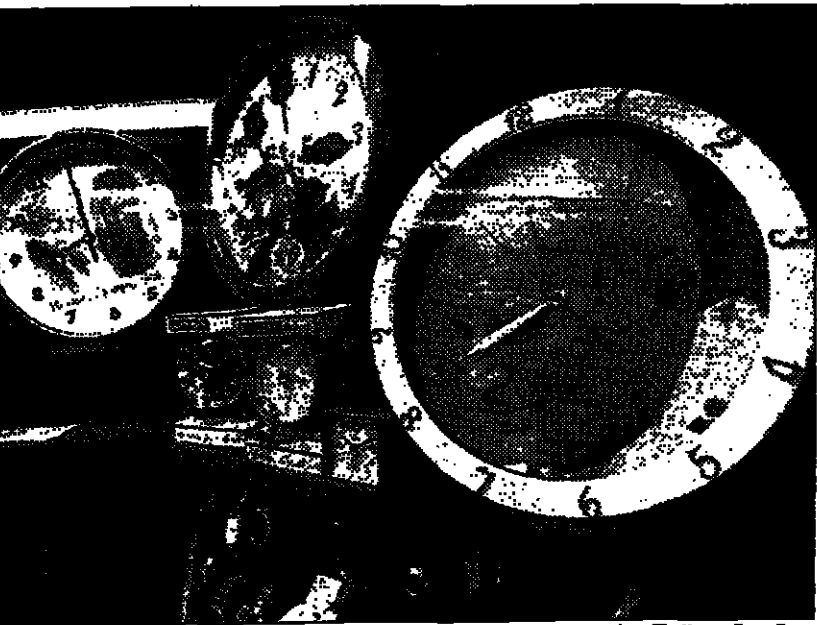
"They've sold the Pope's image before, but they've never done it in such a corporate way, as if it were a soccer World Cup," said Elie Masferrer, president of Mexico City's Latin American Association for Religious Studies. He said the practice illustrates the rise of "the theology of prosperity" within the church.

The sponsorship generating the most controversy is that of the Mexican snack food company Sabritas, which is owned by Frito Lay, which in turn is owned by PepsiCo Inc. The company has stuffed bags of Ruffles potato chips with stamp-like pictures of John Paul II and the Virgin of Guadalupe, Mexico's patron saint. The pictures have devotional messages on the back: For an extra 2 pesos (20 cents), one can buy a special frame to display the 10-picture collection.

In a play on the word papa, which in Spanish means both potato and Pope, the Reforma newspaper ran a satirical full-page ad for Sabritas "Fried Hosts," calling them "Las Papas del Papa," or the "Potatoes of the Pope."

"It's not bad that church officials try to market the Pope, but they have managed the campaign with great clumsiness."

See POPE, Page 13



A shop at Mexico City's Basilica de Guadalupe sells papal memorabilia.

U.S. Seeks Ultimatum to Bring Self-Rule to Kosovo

By Joseph Fitchett
International Herald Tribune

PARIS — The administration of President Bill Clinton wants NATO to issue an ultimatum to Serbia threatening military attack unless Belgrade immediately concedes self-rule for the ethnic Albanian majority in Kosovo, U.S. officials said Friday.

After the latest escalation in bloodshed and mistrust, the only hope of stabilizing the Kosovo situation, the U.S. officials said, lies in getting Mr.

Milosevic to accept a political deal amounting to a de facto recognition of self-government.

That outcome, if immediate, might help moderate factions in Kosovo regain the upper hand over the hard-line separatists who have been spurred in their campaign of violence for independence by the harsh tactics of Serbian police and special forces, the sources said.

Agreeing that an ultimatum might prove unavoidable, European officials said a final threat of military action — in effect, war with Serbia — should come

only after a last round of negotiations with Belgrade and preferably after a meeting of foreign ministers of the six mediating states: the United States, Britain, France, Germany, Italy and Russia.

In effect, the European approach would set the deadline in 10 days' time, because Secretary of State Madeleine Albright will be in Paris and London late next week, after a stop in Moscow.

Officials from the six-nation contact group met Friday in London to discuss the political agenda in Kosovo before and after any air strikes, and a European

official said that the session had been "constructive" in framing a consensus on autonomy for the ethnic Albanians.

"If we launch an ultimatum, it should come from allied governments acting together so that we all share the full responsibility for implementing the threat if Belgrade refuses to comply," a European official said. So far, the Clinton administration has taken the view that NATO already would have the authority to proceed with an ultimatum

See KOSOVO, Page 4

Clinton Sees Threat Of Germ Terrorism President Seeks \$2.8 Billion To Fight Unconventional Arms

By Judith Miller
and William J. Broad
New York Times Service

WASHINGTON — President Bill Clinton has said that it is "highly likely" that a terrorist group will launch or threaten a germ or chemical attack on U.S. soil within the next few years.

In an interview Thursday in the Oval Office, Mr. Clinton said he had been persuaded by intelligence reports that the United States needs to bolster its defenses.

"I want to raise public awareness of this," the president said in the 45-minute interview, "without throwing people into unnecessary panic."

He said he wanted Americans "not to be afraid or asleep. I think that's the trick."

Without providing specifics, Mr. Clinton warned that any attack with germ or chemical weapons would prompt "at least a proportionate if not a disproportionate response." The United States has signed treaties not to use chemical or germ weapons.

The president formally announced Friday before the National Academy of Sciences that he would ask Congress for \$2.8 billion in the next budget year to fight terrorists armed with such unconventional weapons as deadly germs, chemicals and electronic devices. Mr. Clinton insisted during the interview that his drive to expand the budget for these programs was rooted in the growing danger of such threats.

Elaborating on some of the initiatives he unveiled, Mr. Clinton said he was weighing a proposal from the Defense Department to establish a commander in chief for the defense of the continental United States, a step that civil liberties groups strongly resist. It would go far beyond the civil defense measures and bomb shelters that marked the Cold War, setting up instead a military leadership to help fight chaos and disarray if

an attack occurred.

Pentagon commanders oversee regions around the globe, but not the continental United States.

Critics fear such moves could open the door to rising military influence and a loss of individual rights, but Mr. Clinton insisted that such erosions would never occur. "We've got to preserve civil liberties, resolve all doubt in favor of that, and if there's a question, bring it to me," Mr. Clinton said, while acknowledging there were specific concerns in areas like computer security.

The president gave the interview as his lawyers ended their defense presentation at his impeachment trial in the

See TERRORISM, Page 3

No Big Shift On Clinton as Senate Starts Questioning

By Brian Knowlton
International Herald Tribune

WASHINGTON — Entering an uncertain new phase of the trial of President Bill Clinton, senators on Friday put written questions to the legal teams clashing over whether he should be removed from office.

The questioning period came as the trial stood in a state of remarkable flux, and it was unclear to what extent the often partisan questions, and often predictable answers, would help resolve that.

But it was clear that the Democrats were re-invigorated by the White House arguments of recent days, and they are pushing strongly for an early acquittal of the president. They expect to vote on that as early as Monday.

One of the most influential Democratic senators, Robert Byrd of West Virginia, said Friday that he would introduce a motion as early as Monday to end the trial. In a statement, Mr. Byrd said he would do so "not because I believe the president did not wrong," but because he was convinced that pro-impeachment forces in the Senate would never muster the two-thirds vote needed to remove Mr. Clinton from office, and that to lengthen the trial would "only prolong and deepen the divisive, bitter and polarizing effect this sorry affair has visited upon our nation."

But there was no open sign of breaks in Republican ranks, and the prosecutorial managers from the House were maintaining pressure on senators to call witnesses — and to invite Mr. Clinton to testify in person.

The questioning period returned the Senate to a focus on legalities and constitutional arguments, a day after senators heard a dramatic and eloquent speech from a political ally and friend of Mr. Clinton's, former Senator Dale Bumpers of Arkansas. Mr. Bumpers, whose style was a mixture of folksy country lawyer and passionate, galvanizing orator, told his former colleagues that it was time to forgive Mr. Clinton his "terrible moral lapse" and put an "end to this nightmare." (Page 3)

The Senate majority leader, Trent Lott, suggested holding "another one of those Old Senate Chamber meetings." He was referring to the Jan. 8 meeting in which the 100 senators reached an unexpected bipartisan agreement on how to conduct the trial.

Mr. Lott's Democratic counterpart, Senator Tom Daschle, said he had not heard of such a proposal. It was unclear whether such a meeting would be held. But other senators hinted at bipartisan efforts to fashion an exit from the trial.

Senators had hoped the question period would help resolve lingering uncertainties about the strengths of the two impeachment articles. Those articles, approved Dec. 9 by the House, accuse

AGENDA

Brother of Salinas Is Convicted in Mexico

Raul Salinas de Gortari, the brother of Mexico's former president, has been convicted of ordering the 1994 assassination of a prominent politician and sentenced to 50 years in prison. It was a stunning verdict that shattered the impunity that has shielded powerful Mexicans for decades. And the judge's decision Thursday, after a tangled four-year trial, was

widely considered to be the most important criminal verdict in modern Mexico, giving a boost to the independence of the justice system.

But the case also exposed the system's disarray. Raul Salinas was condemned mainly by hearsay evidence, with the judge admitting there was no "direct proof." Mr. Salinas plans to appeal. Page 5.

Romania Reaches Deal With Miners

The Romanian government reached a deal with striking coal miners Friday after hours of talks in a monastery, ending five days of clashes and averting a march on the capital by 10,000 of the miners, who were demanding higher wages and severance pay for those laid off. Page 2.

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The IHT Online: www.ihl.com

The Dollar		
New York	Friday @ 4 P.M.	previous close
Euro	1.1595	1.1602
Pound	1.8563	1.8515
Yen	114.425	113.7
DM	1.8668	1.8667
FF	5.6573	5.8568
Dollars per pound and per euro.		
The Dow		
	Friday close	percent change
—133.11	9,130.97	—1.44%
S&P 500		
		percent change
—9.61	1,225.58	—0.78%
Nasdaq		
		percent change
—6.08	2,338.82	—0.26%

Newsstand Prices

Bahrain	1,000 BD	Malta	55 c
Cyprus	€ 1.00	Nigeria	12500 Naira
Denmark	17 DKR	Oman	1,250 QR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	2.085	Rep. Ireland	IR £1.10
Great Britain	UK £1.00	Saudi Arabia	10 SR
Germany	€ 5.50	S. Africa	R16 incl VAT
India	1250 JD	U.A.E.	10.00 Dh
Jordan	1.250 JD	U.S. (air)	\$ 1.20
Korea	K 180	Zimbabwe	2m \$40.00
Kuwait	700 Fils		

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Russia's 'Stealth' Bluff: Rollout of Fighter That Hasn't Been Built

By David Hoffman
Washington Post Service

MOSCOW — With much fanfare on a snowy tarmac at the Zhukovsky test field last week, Russia rolled out its long-awaited fifth-generation "stealth" fighter jet in front of dignitaries that included the minister of defense, Igor Sergeev.

The plane, with the number 01 on the fuselage, was hailed by Mr. Sergeev as a "revolution in the Russian Air Force."

Mikhail Korzhnyev, director of the MiG company, which designed the plane, boasted: "If this

plane was used to beat off the British-American air raids on Iraq, 90 percent of all the launched guided weapons, including cruise missiles, would be shot down before they reached targets on the territory of Iraq."

But there was just one problem. The plane on the tarmac was not the plane they were talking about. In fact, the plane they were talking about does not exist, except on the drawing board, and may never be built.

Instead, the Russian designers substituted a more ordinary jet fighter, which itself has never flown, and was built for testing engines. It is not

clear exactly why the Russians staged the event, but disclosure that they faked what they described as a fighter for the 21st century has stirred heated exchanges in recent days.

Alexander Zhilin, a journalist for the newspaper Moscow News, who had once been an aerospace magazine correspondent, was invited to the roll-out by Yevgeny Shaposhnikov, one-time Soviet defense minister and now adviser on aviation to President Boris Yeltsin.

Rumors had circulated for years about Russia's top-secret stealth fighter. Some specialists had been quoted as saying the program had run out of money.

But the ceremony offered a tantalizing look at the plane and suggested the program was still alive.

Mr. Zhilin recalled when he saw the plane at the Jan. 12 event: "I was taken aback." It was not the long-rumored stealth interceptor. It was something else.

At first, Mr. Zhilin said in an interview, he thought perhaps the Russian secret services had staged an elaborate deception, to fool foreign intelligence services. But, he said, "the plane was too roughly made" to even qualify as a decoy.

See PLANE, Page 4

Russia Rejects Any Changes in ABM Treaty

By Daniel Williams
Washington Post Service

MOSCOW — Russia on Friday flatly rejected any changes in the Anti-Ballistic Missile Treaty with the United States, and it implied that Clinton administration proposals to amend the accord and build a missile defense shield would undermine efforts at mutual nuclear reductions.

The rejection was the first response to a letter that President Bill Clinton wrote to President Boris Yeltsin informing him of the administration proposal. The budding dispute compounds a distinct cooling of relations between Moscow and Washington over issues ranging from Kosovo to Iraq to NATO expansion.

Despite the U.S. administration's assurance that the proposed \$6.6 billion anti-missile system is aimed at potential nuclear states like North Korea or Iran, Russia quickly saw it as the initiation of a new arms race, which Russia, in its destitute condition, is bound to lose.

Foreign Minister Igor Ivanov was asked by a reporter if Russia would consider altering the 1972 ABM Treaty. "No," he said, "I'll say that straight away."

He asserted that the United States "recognizes" that the ABM Treaty is "the cornerstone of further cuts in strategic offensive weapons" and was confident Washington would make no changes.

General Leonid Ivashov, head of the Defense Ministry's international cooperation desk, said bluntly that canceling the treaty would be a "violation of strategic stability" and give the United States decisive supremacy over Russia.

The responses came just days before a scheduled visit by Secretary of State Madeleine Albright to Moscow. She will meet a Russian diplomatic corps dedicated to counterbalancing American influence in the world. Here, talk of a potential partnership, a goal once promoted by both Mr. Clinton and Mr. Yeltsin, is now more frequently reserved for Europe, and even China and India.

Mr. Ivanov, who reviewed Russian foreign policy at a press conference, served up a virtual alphabet of disputes with Washington.

He repeated Russia's opposition to the use of force in Kosovo to deter Serbia's military assaults on the breakaway province. Russia "cannot agree with attempts to formalize the use of force" by the North Atlantic Treaty Organization outside its area and "without the United Nations Security Council's consent," he said.

He called air strikes on Iraq "a serious mistake" and placed Russia firmly against American efforts to isolate Iraq. Moscow would continue to cooperate with the Islamic state, he said, a reference to the construction of a Russian-made nuclear reactor there.

His remarks followed lines laid out three years ago by Prime Minister Yevgeny Primakov, who was then foreign minister. Mr. Primakov designed a foreign policy meant to distance Russia from the United States, bring it closer to Western Europe and Asian countries, and, through these "multipolar contacts," restore Moscow's global influence.

Apparently in a reference to the United States, Mr. Ivanov said that in 1998, "Some still wanted to drive the world into a narrow framework, which runs counter to the right of countries to effectively participate."

Nonetheless, "Russia not only managed to retain the status of one of the key players in the international arena, but also to strengthen it," he said.

Mr. Ivanov tried to soften the impression that a new Cold War was brewing. "Frissons can be found even in a family," he said. "These disagreements should not be allowed to grow into open confrontation between our countries."

Another Russian official, Deputy Prime Minister Yuri Maslyukov, seemed to give way on a topic that Mrs. Albright will take up next week: the secret transfer of missile technology to Iran. Mr. Maslyukov undercut Russia's previous denials that its scientists had passed on long-range missile technology to Tehran. He said in a television interview that "some of the cases" that the United States had presented "turned out to be true."

To punish the technology transfer, the Clinton administration has placed sanctions on a dozen Russian scientific

Russians Hoping for 3 More Years for Mir

The Associated Press

MOSCOW — Prime Minister Yevgeny Primakov signed a decree Friday that calls for keeping the Mir space station in orbit for three more years, officials said.

The move is likely to disappoint U.S. space officials, who wanted Russia to abandon the Mir in coming months so Moscow could spend its limited resources on the new International Space Station.

The Mir has been in orbit for almost 13 years, far longer than any other space station. It suffered a series of serious breakdowns in 1997 but has been running smoothly for more than a year now and currently has two Russians aboard.

Russian space officials are deeply attached to the Mir. But Russia is chronically short of cash, and critics say it cannot afford to fund two separate space stations.



Some of the 10,000 Romanian coal miners leaving Rimnicu-Vilcea on Friday after their union reached a deal with the government, ending five days of clashes and averting their march on the capital.

One miner said they had secured a 30-percent wage increase.

The miners were demanding a wage increase of 35 percent and large severance payments for workers let go. The government said it could not afford the demands and argued that miners already earn double the average salary of 1.2 million lei (\$100) a month, even though the mines are losing money.

As the talks ended, about 10,000 miners in the nearby city of Rimnicu-Vilcea who had been threatening to march on the capital began to board buses to return to the western coal fields. Some cheered and shouted for their leader, Mircea Cozma.

The miners' march had raised fears of a repeat of the 1990-91 protests in Bucharest that turned violent and sparked the fall of the government of

Petre Roman. Hundreds of military vehicles had been sent out of Bucharest to block a march by miners on the capital. The government canceled rail service between Rimnicu-Vilcea and the capital.

Miners broke through police lines Thursday, injuring about 190 police officers in the most intense of five days of clashes, officials said. The violence prompted President Emil Constantinescu to warn that he would impose a state of emergency if the miners did not stop their protest. But he decided to wait for the outcome of Cozma's mediation talks.

The week's unrest was a sharp reminder of how far Romania has to go to catch up to more prosperous and stable former Soviet-bloc allies now on the threshold of membership in the European Union and NATO, which Romanians also are keen to join.

Although it defeated former communists in 1996 elections, the four-party governing coalition has been hampered by infighting and slow to retol the rigid, state-planned economy. Foreign investment is much lower than in neighboring Hungary, and investors complain of bureaucracy, corruption and tepid reforms. (AP, AFP)

Romania Sets Deal to End Miners' March

Compiled by Our Staff From Dispatches

BUCHAREST — After hours of talks in a central Romanian monastery, the government said Friday that it had reached a deal with striking coal miners, averting a clash with troops that had been sent to keep the miners from storming the capital.

Prime Minister Radu Vasile came out of talks with leaders of the miners' union in Cozia, 175 kilometers (110 miles) northwest of Bucharest, saying the immediate crisis was over.

"Neither the miners nor the government won," Mr. Vasile said. "Only the country won, because there will be peace."

He did not give details of the deal, saying they would be ironed out in Bucharest in the coming weeks. He said the proposal "went in the direction of the miners' claims" but would not become final until a plan to reduce production costs in the mines was completed.

Zimbabwe Police Arrest Newspaper Publisher

The Associated Press

HARARE, Zimbabwe — The police arrested Friday the publisher of a newspaper that reported a suspected coup plot, charging him under state security laws and stepping up a government campaign against the paper.

Clive Wilson, 62, was taken from his office at the Standard to the main Harare police station by detectives who had served him with an arrest warrant, said Iden Wetherell, a colleague of Mr. Wilson's.

The arrest came a day after the editor and a reporter for the weekly newspaper were released bearing signs of torture. The police tried to force them to reveal the sources of

their report through the abuse, they said. The newspaper's lawyer, Simon Bull, visited Mr. Wilson at the police station where the publisher was charged under security laws prohibiting the dissemination of false information likely to cause fear, alarm and despondency, said Mr. Wilson's son, Nigel.

The offense carries a maximum sentence of seven years in jail.

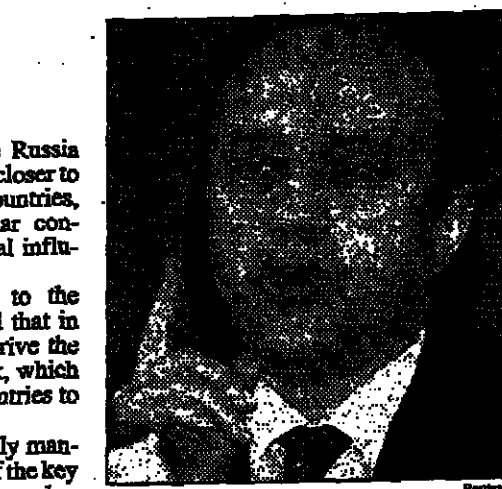
Torture Claim by Journalists
Suzanne Daley of The New York Times reported earlier from Johannesburg:

The two Standard journalists, arrested for reporting last week about a

reported coup plot by the army against President Robert Mugabe, were released on bail after they told a judge that they had been tortured while detained.

The journalists said that they had been beaten, given electric shocks on the hands, feet and genitals and nearly suffocated by having their heads submerged in drums of water, a torture known as "the submarine."

The journalists, Mark Chavunduka, 34, and Ray Choto, 36, had cigarette burns on their bodies when they appeared in court in Harare, the Zimbabwe capital. They were released on \$250 bail and told to appear in court again on Feb. 22.



Foreign Minister Ivanov speaking Friday in Moscow on the U.S. plan.

institutions and threatened to forbid U.S. companies from launching satellites on Russian boosters. The satellite business is worth millions of dollars to the Russian space industry.

U.S. Gives Russia Assurance

The United States assured Russia on Friday it wanted to stay within the Anti-Ballistic Missile Treaty, despite plans to spend more on developing a defense umbrella against rogue missiles, Reuters reported from Washington.

"It's the basis of an arms control regime that has now existed for decades and one that we are committed to," Mrs. Albright said at a joint news conference with Foreign Minister Eduard Kukan of Slovakia.

BRIEFLY

France Jails 3 for Aiding Insurgents in Algeria

FLEURY-MEROGIS, France — A court convening in a prison gymnasium Friday convicted three men of heading support networks for Islamic insurgents in Algeria in a verdict that closed France's largest trial.

Mohamed Chalabi, Mourad Tacine and Mohamed Kerrouche were all sentenced to eight-year prison terms. The prosecution had demanded the maximum sentence of 10 years. The three men were among 24 of the 138 defendants kept in detention since their arrests in police sweeps in 1994 and 1995. The 21 others held in jail were sentenced to prison terms ranging from four to six years. The court dismissed charges against 51 people. Mr. Kerrouche, Mr. Tacine and Mr. Chalabi were named as the head of the networks. (AP)

Turkey Now Says Ocalan Is No Longer in Russia

MOSCOW — The Kurdish rebel leader Abdullah Ocalan was not in Russia, the country's foreign minister said Friday, countering claims made by Prime Minister Bulent Ecevit of Turkey.

Mr. Ecevit said Thursday his country was convinced that Mr. Ocalan was in Russia. But after hearing comments by the Russian foreign minister, Igor Ivanov, on Friday, Mr. Ecevit said Mr. Ocalan was no longer in Russia. (AP)

For the Record

Boris Yeltsin's treatment for a stomach ulcer was going "according to plan" and his vital signs were normal, but a meeting with Secretary of State Madeleine Albright planned for next week was in doubt, a spokesman for the Russian president said. Mr. Yeltsin, 67, was hospitalized Sunday. (AP)

Two 10-year-old girls whose disappearance provoked a manhunt across Britain have been found safe and well after three days, police said. A 46-year-old man in Eastbourne, southern England, has been arrested, police said. (Reuters)

TRAVEL UPDATE

France Again Tops Tourists' List

PARIS (AP) — Capitalizing on the World Cup, France kept its place as the world's most popular tourist destination in 1998, drawing about 70 million foreign visitors during the year, French tourism officials said.

France attracted 3 million more tourists in 1998 than during the previous year, according to the tourism minister, Michelle Demessine.

The tourism industry's profits totaled 175 billion francs (\$31.2 billion), a 7 percent increase over 1997.

Miss Demessine said some had feared that the World Cup would keep many visitors away, but that "the excellent mobilization of French tourism professionals" made the event profitable.

Schroeder to Open Jewish Museum

BERLIN (AFP) — After six years of preparation, Berlin's Jewish Museum will be officially inaugurated Saturday by Chancellor Gerhard Schröder, though the building will not open its doors to the public until Feb. 5.

But the new museum will remain empty until October 2000, when the permanent exhibition opens, and completion is not due for another "five to seven years," according to its American director, Michael Blumenthal.

The building was designed by an American architect, Daniel Libeskind, and built in the shape of a Star of David with a zinc-covered exterior. The museum's permanent exhibition will detail the history of Judaism over 2,000 years, with themes focusing on extermination, exile and continuity.

The Jewish Museum is separate from a possible Holocaust museum or memorial in Berlin, which is still in the early stages of planning.

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



North America
Soaring rain and thunderstorms will spread southward along the Eastern seaboard Sunday and Monday, followed by dry and some showers will precede the what colder weather early Tuesday. Chicago and Toronto will be dry and clear. A storm from Mexico through Florida may bring widespread rain to Atlanta Sunday and Monday, with showers possible on Tuesday.

Maps, forecasts and data provided by AccuWeather, Inc. ©1999 - <http://www.accuweather.com>

Europe			
City	High	Low	Wind
London	54	44	W 10-15
Paris	52	42	W 10-15
Rome	58	48	W 10-15
Moscow	48	38	W 10-15
Stockholm	42	32	W 10-15
Oslo	40	30	W 10-15
Amsterdam	50	40	W 10-15
Brussels	50	40	W 10-15
Frankfurt	50	40	W 10-15
Hamburg	50	40	W 10-15
Berlin	50	40	W 10-15
Munich	50	40	W 10-15
Vienna	50	40	W 10-15
Zurich	50	40	W 10-15

Legend: heavy, mostly cloudy, c-cloudy, s-showers, l-thunderstorms, r-rain, s-snow, W-Wind.

Asia

	Seoul		Seoul	
	High	Low	High	Low
Seoul	54	44	54	44
Almaty	52	41	48	40
Bat	52	41	48	40
Beijing	50	40	46	38
Bangkok	58	48	50	42
Bombay	58	48	50	42
Buenos Aires	58	48	50	42
Calcutta	58	48	50	42
Chengdu	58	48	50	42
Colombo	58	48	50	42
Delhi	58	48	50	42
Ho Chi Minh	58	48	50	42
Hong Kong	58	48	50	42
Imphal	58	48	50	42
Jaipur	58	48	50	42
Kampur	58	48	50	42
Kuala Lumpur	58	48	50	42
Madras	58	48	50	42
Manila	58	48	50	42
Meerut	58	48	50	42
Mumbai	58	48	50	42
Patna	58	48	50	42
Shanghai	58	48	50	42
Singapore	58	48	50	42
Taipei	58	48	50	42
Varanasi	58	48	50	42

Africa

Eloquent Defense Enthralls Senate

Relaxed and Wry, Bumpers Calls for an 'End to This Nightmare'

By R.W. Apple Jr.
New York Times Service

WASHINGTON — In a speech of rare eloquence, former Senator Dale Bumpers of Arkansas concluded the defense of President Bill Clinton on impeachment charges, coupling an admission of Mr. Clinton's sins and weaknesses with a plea for his acquittal for the good of the nation.

"The American people now and for some time have been asking to be allowed a good night's sleep," the silver-haired Mr. Bumpers told the 100 senators, who hung on his every word Thursday as they very rarely do for anyone. "They're asking for an end to this nightmare. It is a legitimate request."

Recalling that James G. Blaine of Maine had concluded, 20 years after voting to convict President Andrew Johnson in 1868, that he had "made a bad mistake," because conviction would have created chaos, Mr. Bumpers cautioned: "So it is with William Jefferson Clinton. If you vote to convict, in my opinion, you're going to be creating more havoc than he could ever possibly create. After all, he's only got two years left."

His warning gained weight from his exhortation of the president's conduct with Monica Lewinsky, the former White House intern. Their illicit sexual affair underlies the two articles of impeachment.

"Why, Mr. Bumpers asked, did Mr. Clinton, by his own admission, deceive his family, his friends, his cabinet and the American public?"

"Well," Mr. Bumpers answered, "he knew this whole affair was about to bring unspeakable embarrassment and humiliation upon himself, his wife, whom he adored, and a child that he worshipped with every fiber in his body and for whom he would happily have died to spare her this or to ameliorate her shame and her grief."

"We are none of us perfect. Sure, you say, he should have thought it all out beforehand, and indeed he should, just as Adam and Eve should have."

The president may not have welcomed Mr. Bumpers' description of his behavior as "indefensible, outrageous, unforgivable, shameful," or his acknowledgment that perhaps the president deserved no compassion. But that surely undercut any thought that he was standing up for Mr. Clinton out of unquestioning friendship.

Relaxed and discursive, strolling back and forth in the well of the Senate — not standing stock-still behind a lectern as many others have done — and eschewing legal fine points, Mr. Bumpers introduced humor into the sober proceedings for the first time in six tense days. Several of his self-deprecating sallies drew guffaws. But he also spoke feelingly of the emotional devastation Mr. Clinton has caused for his wife and daughter.

The Clintons "have been about as decimated as a family can get," the former senator said in one of the most explicit comments any friend has made to date on the psychological toll of the president's conduct. "The relationship between husband and wife, father and child, has been incredibly strained, if not destroyed."

Mr. Bumpers' powerful presentation may or may not have changed many Republican minds, and Republicans have a majority in the Senate. But he surely stiffened the backs of any Democrats who may have thought even fleetingly of deserting the president, and that is all Mr. Clinton ultimately needs: the votes of 45 Democrats to make it arithmetically impossible for the Senate to muster the two-thirds vote it needs to oust the president.

A highly technical two-hour appearance by the president's personal attorney, David Kendall, was reduced almost to the status of a footnote by the Bumpers speech. One by one, Mr. Kendall rebutted five separate charges of obstruction of justice contained in Article II. Many of them also were covered in Article I, the perjury article, so he plowed little new legal ground.

Mr. Bumpers, whose fourth term expired only a few weeks ago, began by mocking himself. He said his audience

was about the same size as all the audiences he had drawn in his 24 years as senator combined.

"You can take some comfort, colleagues, in the fact that I'm not being paid," he said. "And when I'm finished, you'll probably think the White House got its money's worth."

Like others on the defense team, he took the House managers to task for having stretched evidence beyond the bounds of common sense. But he softened his criticism with the comment "It's wanting to win too badly."

He, too, spoke caustically of the length and scope of the "five-year, relentless, unending investigation" by Kenneth Starr, the independent counsel, describing it as "maybe the most intense investigation not only of a president but of anybody, ever."

Inspector Javert's pursuit in "Les Misérables" of Jean Valjean "pales by comparison," he said.

He responded directly to those, including Representative Henry Hyde of Illinois, the chief prosecutor, who have suggested that the United States was diminished as a force in the world by having "a presidential perjury" in office. "This nation has never enjoyed greater prestige in the world than we do right now," Mr. Bumpers said.

In support, he cited comments made recently by President Carlos Menem of Argentina, President Vaclav Havel of the Czech Republic, King Hussein of Jordan and President Nelson Mandela of South Africa.

Mr. Bumpers argued at some length that there was perjury and perjury, that some lies told under oath were worse than others. There is "a very big difference," he said, between perjury about marital infidelity in a divorce case and perjury in a murder case about buying the murder weapon.

"To charge somebody with the first, and punish them as though it were the second, stands our sense of justice on its head," he told the senators, many of whom are also lawyers. "There is a total lack of proportionality, a total lack of balance in this thing. The charge and the punishment are totally out of sync."



Dale Bumpers, summing up before Mr. Hyde, said conviction would cause more chaos than Mr. Clinton could.

CLINTON: Predictable Answers Are Given to Partisan Questions

Continued from Page 1

Mr. Clinton of perjury himself and obstructing justice in his attempts to conceal an intimate relationship with the former White House intern, Monica Lewinsky.

But as the chief justice of the United States, William Rehnquist, took written questions first from one side of the aisle and then the other, and read each in turn, the result was a sometimes awkward mixture of jabs by each legal team at the other, of more or less powerfully made points, and of arcane legal argument.

The overall result did not appear greatly to favor either side.

The first question came from four Republican senators: Wayne Allard of Colorado, Jim Bunning of Kentucky, Paul Coverdell of Georgia and Larry Craig of Idaho, and was directed to the prosecution team:

"Is it the opinion of the House man-

agers that the president's defense team, in the presentation, mischaracterized any factual or legal issue in this case? If so, please explain."

One manager, Representative Ed Bryant of Tennessee, rose to respond. "There are a number of mischaracterizations and statements which we disagree with," he said.

The case against Mr. Clinton, he said, was much more than the "she-said he-said" case White House lawyers described. He insisted that there was "ample corroboration," including phone logs, Secret Service logs and the "incredible memory" of Ms. Lewinsky herself.

After Mr. Bryant's nine-minute response, which Justice Rehnquist did not cut off, the next question came from a Democratic senator, Paul Sarbanes of Maryland, who merely asked the White House lawyers to respond to Mr. Bryant.

The White House counsel, Charles Ruff, called Mr. Bryant's comment irrelevant. "Nobody disputes the fact," he said, "that Ms. Lewinsky was in the White House engaged in inappropriate conduct with the president on a particular day."

To a pointed complaint from Mr. Bryant that Mr. Ruff had accused the prosecutors of "fudging," Mr. Ruff responded, "I have never suggested that the entire prosecution is so infected."

The proceedings continued in much the same fashion, with first Republicans giving House managers a chance to respond to the White House lawyers, then Democrats asking a question permitting the White House team to reply. The partisan split on impeachment was thus underlined; few new arguments were heard, and the exercise appeared unlikely to occasion any major shift in opinion.

It did, however, provide an opportunity for the Republican managers to answer some of the points raised in the three preceding days by the White House team. The 13 House members had expressed intense frustration, a fier the White House side concluded its argument, that Senate rules gave them no formal rebuttal time.

It appeared unlikely, however, with questions alternating between the Republican and Democratic side, that either would be able to score sufficient rhetorical or constitutional points to change the sense of momentum substantially.

Several senators interviewed by The Washington Post after the White House closed its case expressed what they called "some real unease" at the

thought of an extended trial, and at least a few Republicans were moving away from the notion of calling witnesses.

Senator Craig Thomas, a conservative Republican from Wyoming, hinted that there was interest among senators in fashioning an exit strategy that would satisfy both sides.

"I wouldn't think there is any strong feeling for wrapping it up this week-end," he said. "A week from now, there certainly might be."

Some questions, however, went to the fundamental nature of impeachment. One from four Republican senators, asked whether, as the White House asserted, the articles of impeachment are "overly vague."

Charles Canady, a House manager from Florida, who said that "articles of impeachment have never, have never, been required to be drafted with the specificity of criminal law." He said it was clear from the president's legal defense "that President Clinton and his counsel know exactly what he is charged with."

After Mr. Bumpers' speech, Democrats appeared increasingly united in strong opposition to removing Mr. Clinton from office. Even one of the House managers arguing for conviction, Representative George Gekas of Pennsylvania, said he was aware of no Democrats who had been persuaded that Mr. Clinton's efforts to conceal his relationship with Ms. Lewinsky merited his removal from office.

Conviction and a Clinton removal would require at least 12 Democratic defections.

Mr. Lott denied he was seeking an exit from the trial under pressure from some Republican lawmakers who fear that a drawn-out proceedings would inflict long-term political damage to their party, as numerous Democrats have said in recent days.

Democrats, meanwhile, have said that the White House case has left the House prosecutors' arguments in such a damaged state that a scheduled vote next week on whether to depose witnesses should be skipped and the Senate instead should move straight to votes to acquit Mr. Clinton of the articles of impeachment.

Several Senate Republicans have been resisting such a move, insisting that until witnesses are called, crucial conflicts in testimony and evidence cannot be resolved.

One Democrat, Senator Bob Kerrey of Nebraska, told reporters there were "close to 45 votes to dismiss" the trial, the total number of Democrats in the Senate. That's shy of the majority that would be needed.

POLITICAL NOTES

Conservatives Swipe at Bush

WASHINGTON — Three underdogs in the developing battle for the Republican presidential nomination have sought to undermine the conservative credentials of Governor George Bush of Texas.

The anti-Bush assault so early is testimony to the fact that even though the Texas governor has not formally announced, he is the clear front-runner. Winning over the party's conservative base will be crucial for success in next year's primary battle, and the three potential candidates chose the annual meeting Thursday of the Conservative Political Action Committee to make their case.

In the harshest attack, former Governor Lamar Alexander of Tennessee accused Mr. Bush of using "weasel words" in his call for a "compassionate conservatism." Mr. Alexander called such phrases "words cleverly and deliberately put together to confuse people by meaning nothing." The "weasel words" description was coined by Theodore Roosevelt, who, according to Mr. Alexander, compared such use of language to weasels, who "like to sneak into hen houses, latch onto eggs and suck the yolks, leaving empty shells for farmers."

Mr. Alexander was followed in his assault on Mr. Bush by the publisher Malcolm Forbes and the conservative activist Gary Bauer.

Former Vice President Dan Quayle has already has criticized Mr. Bush for his "compassionate conservatism."

He said, "I have ordered my staff to never — EVER — utter the words 'compassionate conservatism.' This silly and insulting term was created by liberal Republicans and is nothing more than code for surrendering our values and principles."

Mr. Forbes said in his speech that "it is no great mystery why the majority of voters abandoned the Republican Party." President Bill Clinton, he said, "is a walking, talking monument to the failures of the Republican establishment. Twice the Republican establishment has faced Bill Clinton, twice they have abandoned conservative ideas, twice they have lost. And if we allow ourselves to be seduced by the siren song of these mushy moderates, make no mistake: They will take us down to defeat once again."

Mr. Bauer, who filled the meeting with cheering supporters wearing "Bauer Power" T-shirts, said it now looks likely that the Republican field will include both "a Bush Republican" and "a Dole Republican," both of which signal the moderate politics unpopular in conservative circles. Mr. Bauer said he intends to make sure the choice includes "a Reagan Republican," presumably himself.

Karen Hughes, Mr. Bush's communications director, questioned the criticism: "It's perplexing," she said, "that fellow Republicans would attack a popular, conservative governor from a very conservative state whose overwhelming re-election proved conservatives can erase the gender gap and attract record numbers of minority voters while remaining true to conservative principles." (WP)

Republicans Pick Nicholson

WASHINGTON — Jim Nicholson overcame an aggressive challenge Friday to win a second term as chairman of the Republican National Committee.

Mr. Nicholson, a Colorado businessman, defeated the Florida Republican Party chairman, Tom Slade, 127-36, despite disappointment with the party's showing in the 1998 midterm elections. (AP)

Debating 'Social Promotion'

NEW YORK — When Mr. Clinton announced in his State of the Union address that he wanted the federal government to press schools to end "social promotion," he was stepping into a long-standing, mine-laden educational debate: When students fail, is it better to have them repeat the grade or promote them to the next grade to keep them with their age group?

The president, in effect, is opting to hold them back. And while it may seem obvious that promoting failing students does no one any good — giving parents and students false notions of their progress and forcing teachers to dumb down curricula — most studies argue against making pupils repeat grades. Students held back once usually end up doing somewhat worse in school and have a smaller chance of graduating than equivalent students allowed to move to the next grade. And youngsters held back twice nearly always drop out.

"The term 'social promotion' carries so much emotion," commented Thomas Holmes, head of the department of educational leadership at the University of Georgia, who analyzed 63 studies on the issue. "It sounds like we're letting kids get away with things they didn't earn."

"But we are not stopping to ask what it is and what we could do to avoid it rather than outlaw it."

School systems have seenaweed between the two policies for decades. Increasingly, educational researchers say the choice is a false one and that what is needed is a third way: early identification of failing students and intensive intervention through one-on-one tutoring, after-school programs and summer school. But that costs a great deal of money. (NYT)

TERRORISM: Clinton Warns of Attacks in U.S.

Continued from Page 1

Senate. At the very end of the interview, he answered one question related to impeachment by agreeing that the ordeal had placed a great strain on his family and by expressing the hope that the worst was over.

Despite the political pressures, Mr. Clinton appeared relaxed and deeply engaged in the complex scientific and policy issues raised by what the White House has called 21st-century threats. He smiled repeatedly, yet spoke of spending sleepless nights pondering new security challenges after the end of the Cold War.

Among other new considerations, Mr. Clinton said he was weighing a proposal to give anthrax vaccinations to police, fire, public health and other emergency officials in cities throughout the country. That would be in addition to the current drive to vaccinate more than 2 million soldiers.

He declined to say whether he himself had been vaccinated against deadly germ agents, saying that the Secret Service had advised him to remain silent.

He also vowed to forge ahead despite congressional criticism with cooperative programs with Russia aimed at providing jobs to some 8,000 former weapons scientists who might otherwise be tempted to work with rogue states or terrorist groups.

Among the programs he highlighted Friday are developing new vaccines, stockpiling antibiotics, and setting up emergency medical teams in major cities and a corps of computer experts who could respond quickly to electronic attacks.

With his presidency under fire, it is unclear how much of the proposed \$2.8 billion in military funds and programs Mr. Clinton will be able to get through the Republican-dominated Congress. But lawmakers have usually supported White House efforts to fight terrorism.

Mr. Clinton said that of all the new threats, the one that "keeps me awake at night" is the possibility of germ attack. "A chemical attack would be horrible, but it would be finite," he said, adding that it would not spread. But a biological attack could spread, he added, "kind of like the gift that keeps on giving."

During Mr. Clinton's presidency, terrorism has emerged as one of the nation's most serious security challenges, its dangers more diffuse than those of the Cold War yet more immediate.

Mr. Clinton said he had begun worrying about biological terrorism and other unconventional threats six years ago, in February 1993, after Islamic radicals exploded a bomb under the World Trade Center in New York. The bombing one month after he came into office killed six people and wounded more than 1,000.



Debris surrounding the badly damaged courthouse Friday after a tornado ravaged downtown Clarksville, Tennessee.

Waves of Tornadoes Rip Into Arkansas

The Associated Press

LITTLE ROCK, Arkansas — Tornadoes ripped across the South for the second time in less than a week, killing at least seven people in two states and leaving thousands of people without power.

Wave after wave of twisters hit central Arkansas late Thursday afternoon and evening, collapsing roofs, knocking down power poles and leaving trees strewn about the grounds of the governor's mansion. Six people died.

In Tennessee, a tornado touched down in Clarksville on Friday morning, ripping roofs off buildings. No deaths were reported there, but one person was killed elsewhere in Tennessee. Last Sunday, tornadoes killed nine people in the state.

Two people were killed Thursday in the Little Rock area when trees fell on them, and a 67-year-old pharmacist died of his injuries Friday morning. In Beebe, 30 miles to the northeast, a 2-month-old baby was blown out of a home and killed and another woman was found dead at her home.

At Center Hill, a Searcy school board member died when her mobile home was struck.

Arkansas utilities said the tornadoes left 72,000 customers without power, and the authorities opened five shelters from the Little Rock area to Newark, 90 miles to the northeast. As many as 30 tornadoes were reported to have hit the state during the night.

Away From Politics

• Racial prejudice was the most common motivation for hate crimes in 1997, according to a report by the FBI, which said that it accounted for 4,710 of the 8,049 incidents reported. Among the others, 1,385 were attributed to prejudice about religion. Prejudice about sexual orientation was involved in 1,102 cases. Other biases concerned ethnic or national origin, in 836 cases; disability, in 12, and multiple prejudices, in 4. (AP)

• The four largest U.S. cigarette companies, Philip Morris, R.J. Reynolds, Lorillard and Brown & Williamson, have agreed to establish a \$5.15 billion trust fund to help tobacco farmers who face a shrinking market because of the industry's settlement with states, an attorney for the industry said. (AP)

• The cars of people arrested on drunken driving charges in New York City will be seized on the spot and later forfeited if the drivers are convicted, the city police commissioner, Howard Safir, announced. (NYT)

• One year after the Immigration and Naturalization Service pledged to reduce the backlog of almost 2 million people waiting to become Americans, the agency has said it will hire 300 more people and create a national hotline to help prospective citizens. (NYT)

• The seven surviving Texas octuplets are making slow but steady progress and should be able to join their mother at home in March, doctors at Texas Children's Hospital in Houston said. (Reuters)

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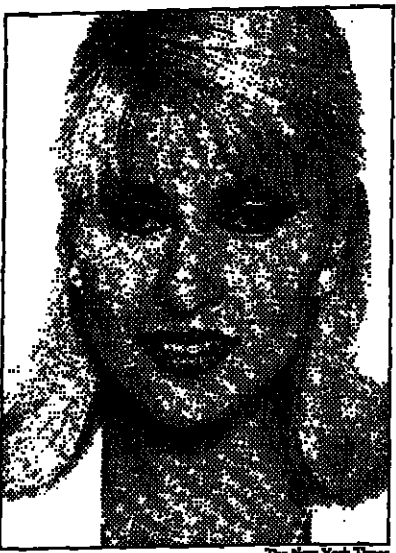
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Pina Rosenblum, "the most famous girl in Israel," is jumping into the country's election free-for-all.

As Israeli Politics Opens Up, Ex-Beauty Queen Joins the Party

By Deborah Sontag
New York Times Service

JERUSALEM — A former model and successful cosmetics company owner, Pina Rosenblum is an Israeli sex symbol, tall, leggy, blonde, glamorous and independent. She is also a new political party.

Entering the mad and volatile race to form the next government, Ms. Rosenblum has gone beyond throwing her hat in the ring for a seat in Parliament. She has founded a movement based on herself and her ideas, and registered as a party.

And Ms. Rosenblum is not alone. In what some see as a breakdown of the Israeli political system and others herald as a fresh new political dynamism, this election has become a free-for-all for new, narrowly cast parties — parties

built on personalities, on single issues, on ethnicity, on gender and on spiritual matters.

Since the rightist coalition government of Prime Minister Benjamin Netanyahu was dissolved in late December, more than a dozen parties have entered the political game, which has traditionally been dominated here by two parties: Labor on the left and Likud on the right.

Among the newest parties, there is one representing Russian immigrants (the second such) and one representing Moroccans (the third). A new Arab Union party joins two other Arab coalitions, while the first Romanian party, whose platform includes a demand for a Romanian-language cable television station, has emerged.

There is a pro-gambling Casino Party, a pro-marijuana Green Leaf Party and a

pro-meditation Natural Law Party. There is a gray power party, representing the elderly, and two new green power parties, defending the environment. Ms. Rosenblum's party is one of a kind.

"I called it the Pina Rosenblum Party," said Ms. Rosenblum, who is doing remarkably well in the polls. "Because every child and every grown up in this country knows Pina Rosenblum, she and Pina Rosenblum herself. For 25 years, I have been the most famous girl in Israel."

The multiparty system is not new; it is the continuation of a trend that began in the 1980s. But the power of the smaller parties grew exponentially after the last elections, when, under an electoral reform, Israelis were able for the first time to split their vote, casting one vote for

prime minister and another for a party slate for Parliament.

As a result, the two large parties grew smaller, and the small parties grew larger, creating a particularly fractious Parliament with 11 parties, several of which developed the art of holding national legislative hostage to specific interests.

In the next elections, the two major parties, which have been undergoing identity crises, are expected to lose even more seats. And political analysts have predicted that as many as 19 parties will win a place in Parliament, creating a legislative body that is even more unruly than the current one.

"What lies ahead is a potentially quite unstable situation," said Yaron Ezrahi, a political scientist and fellow of the Israel Democracy Institute. "Consensus will be still more difficult to reach, and the

collective spirit of the nation is likely to fragment even further. Everyone will be out for himself."

To obtain a place in Parliament, a party must draw at least 1.5 percent of eligible voters, or about 65,000 votes.

This does not seem insurmountable to those like Ezrahi, a gambler whose new party seeks to push Israel to emulate the success of the Palestinian Authority's casino in Jericho, or Avraham Avnion, whose Moroccan Party wants to obtain for former immigrants from North Africa "all the benefits that the Russians receive."

Emboldened by a sense that the political landscape is opening up, the newest parties include several disaffected former members of Labor and Likud. Two new rightist parties have sprung up for those who think that Likud has gone soft on the Palestinian issue.

Ms. Rosenblum, 44, is a phenomenon that no one is underestimating.

The daughter of an Iraqi immigrant, she grew up very poor in a town outside Tel Aviv. After winning a beauty contest at 17, she became Israel's best-known fashion model. At 25, with a \$10,000 loan from a friend from New Jersey, she started a cosmetics line named after herself, which grew into a large company.

"I achieved this dream and gave much pride to women," she said. "People admired me because I grew up in a shack, and then I built everything all by my hand. One time on TV, they asked me when I'm going into politics. I said maybe the year 2000. And the people, they jumped on my remark. I got letters from all over the country. They wanted a new face, someone who started from the bottom and raised herself up."

"I decided to take the step," she added. "And I made my own party because I'm very independent and by myself, I will have more power."

Aide Fails to Register

Prime Minister Netanyahu's popular defense minister, Yitzhak Mordechai, did not register for primaries in the ruling Likud party by Friday's deadline, fueling speculation that he will leave the party and join a new centrist grouping. The Associated Press reported from Jerusalem.

A defection by Mr. Mordechai would be a severe blow to Mr. Netanyahu's chances to get re-elected May 17.

Kosovo Monitors Find That 45 Killings Were Revenge by Serb Forces

By Jane Perlez
New York Times Service

WASHINGTON — International monitors who discovered the bodies of 45 ethnic Albanians shot execution-style have concluded in their official report that the attack in the Kosovo village was an act of revenge by Serbian forces for the killing of four of their men.

The report, which has not been made public, described a scene of bodies with wounds from gunshot at close range and in some cases at "extremely close range" in the front, back or top of the head.

The monitors, who were on the scene

immediately before and after the massacre, concluded that "the facts as verified by the Kosovo Verification Mission include evidence of arbitrary detentions, extrajudicial killings and the mutilation of unarmed civilians of Albanian ethnic origin by the Yugoslav Army and police."

The monitors' report, written chronologically from Jan. 8 to Jan. 16, the day after the killings, listed each body found at the site, saying, for example, "One adult male killed outside his house. The top of his head had been removed and was found approximately 15 feet away from his place of death. The wound appeared to have been caused by an ax but may have been from a bullet."

The report said one 12-year-old-boy had been shot in the neck and one male teenager had been shot in the abdomen.

The discovery of the massacre on Jan. 16 and the immediate assertion that the scene by a senior U.S. diplomat that Serbian forces had been responsible for the killings led to the current crisis within the administration of President Bill Clinton and the North Atlantic Treaty Organization over what to do about the separatist province of Kosovo.

Yugoslav officials have asserted that the slain ethnic Albanians were combatants and that their bodies were taken to one spot by other ethnic Albanians to create the appearance of a massacre.

The circumstances of the massacre were further inflamed when the Serbs accused William Walker, the American diplomat who heads the teams of international monitors for the Organization for Security and Cooperation in Europe, of being a stooge of the ethnic Albanians.

The account of the killings, entitled "Special Report: Massacre of Civilians in Racak," was written by monitors of the European security organization's Kosovo Verification Mission and has been given to diplomats from the 54 member countries. More than 700 unarmed monitors were placed in Kosovo after a cease-fire agreement last October.

Details in the report were elaborated on in an oral presentation by a German diplomat, Bernd Borchardt, who was at the scene of the slayings.

Mr. Borchardt, deputy head of the human rights mission of the European security organization in Kosovo, told diplomats in Vienna that the victims were "humble peasants," many of whom were dressed in rubber boots. He said that the male victims were not dressed in heavy boots used in military action.

In their report, the monitors said that after a "well-prepared ambush" by ethnic Albanian guerrillas that left four Serbian police officers dead, Serbian forces started moving armored vehicles into the area of Smitje, near Racak.

On the day of the massacre, Jan. 15, the monitors were prevented by Serbian forces from entering Racak but could see houses burning there.

Late in the day, the report said, a patrol car of monitors drove into the village. The monitors saw one dead Albanian civilian and five wounded people and heard reports that 20 males had been taken away by Serbian forces. The monitors had to leave because darkness was falling, the report said.

The next morning several teams of monitors returned and heard accounts from survivors who said that after artillery attacks by the Yugoslav Army and Serbian police, Serbian security forces entered the village. Some were dressed in police uniforms, and others were in black uniforms and ski masks.

The witnesses said they recognized some of the police as being from Smitje. They also said that the some of the "assaults" were Serbian civilians dressed in police uniforms.

The bodies of 23 men "of various ages," last seen alive when the police were arresting them, were found on a ridge behind the village, the report said.

The bodies of four other men were found in a ravine near the village. They apparently were shot while trying to run away. The bodies of 12 other men and the 12-year-old boy were found in various places within the village, including in some homes.

Some families retrieved the bodies of their relatives and brought them inside, the report said. The bodies of five other adults had been taken by family members to nearby Malopolje.

Mr. Walker arrived at the scene at 1 P.M. on Jan. 16. By that time, the Serbian forces had left and there was a "heavy presence of uniformed KLA in the village," the report said, referring to the Kosovo Liberation Army. The guerrillas, who were agitated and in a vengeful mood, were advised by Mr. Walker to exercise restraint, the report said.



Sailors working aboard the U.S. aircraft carrier Enterprise in the Adriatic Sea on Friday. NATO is sending warships to the area in response to Slobodan Milosevic's refusal to back down in the Kosovo crisis.

Intel Chip's Security Feature Raises Privacy Concerns

By Elizabeth Corcoran
and Robert O'Harrow Jr.
Washington Post Service

WASHINGTON — Privacy advocates are voicing criticism of plans by Intel Corp. to introduce personal-computer chips that can transmit unique identification numbers when on-line.

The signals, which are intended to protect electronic transactions, are drawing criticism because they will also help marketers track consumers' every move in cyberspace.

The technology is built into Intel's new Pentium III microprocessors, which are scheduled to go on sale in the next few months and will quickly be incorporated into new computers on store shelves.

Affirming who is who on-line is a key problem that must be solved to make electronic commerce blossom. Executives at Intel described the technology as an important step in that direction. In essence, the new chips will transmit an identification number that World Wide Web sites can use to guarantee that a machine really belongs to its purported owner — that Jane's computer really is Jane's computer.

Privacy experts worry that the feature will force consumers to leave an identifying mark wherever they go on-line.

"It's the computer equivalent, if you will, of Social Security numbers," said Barry Steinhardt, associate director of the American Civil Liberties Union.

Here is how it would work: Whenever a computer that has the new Intel chip is

From Information Highway to the Roadway, a Similar Worry

Washington Post Service

WASHINGTON — For the first time since authorities began requiring photographs for drivers' licenses, officials in several U.S. states have begun selling the images wholesale, in another example of the growing availability of rich troves of personal information via modern technology.

In the last several months, South Carolina has released 3.5 million digital photographs, Florida has started the process of transferring 14 million images in its files and other states have expressed interest in doing the same thing.

The buyer is Image Data LLC, a small New Hampshire company that wants to build a national database of photos and personal information to help retailers prevent identity theft — a fast-growing crime in which fraud artists use a victim's personal information to run up bills in their names or to empty their bank accounts.

Image Data's computers can flash the photo of a person

named on a credit card or a check to a small screen near a cash register when a transaction begins. Company officials say the service could head off billions of dollars in fraud by giving clerks an instant, tamper-proof way to verify the identities of customers.

Some critics worry that Image Data's plans will create a sense of unwanted surveillance for many people. Privacy activists fear that once photographs are released by authorities in digital form, they will be used for other purposes, by private detectives or telemarketers that want to match a face to other personal information.

"It contributes to an atmosphere where people feel they are being watched," said Robert Smith, publisher of the Privacy Journal. "What you create is a mug file of law-abiding citizens."

Consumer advocates complain that drivers in Florida and South Carolina were not asked permission for their images to be sold, even though those states had long restricted access to such photos.

turned on, the machine will automatically pump out a unique serial number if the computer is connected to the Internet or another on-line network.

Intel will not keep a record of such serial numbers, said Patrick Gelsinger, vice president and general manager of the desktop products group at Intel. But when the consumer ventures into cyberspace, Web sites will be able to receive that number.

If the site has required that the person "register" and provide details such as name, address and other information, the

Web site will have an easy way of tracking what the visitor does on-line.

Still, consumers will be able to shut off the identifying number, Mr. Gelsinger points out. Intel has written software that will let people know when their PC is sending out its serial number by displaying a "*" mark. And there will be a control panel that lets people turn off the signal as easily as they can change the background "wallpaper" on their computer displays.

Mr. Gelsinger said unique on-line serial numbers for PCs had a number of

advantages, and that computer and software makers had asked Intel to create such numbers for several years.

Among those advantages, Mr. Gelsinger said, is improved ability to identify the author of on-line content, as the computer would insert the ID number into it. In addition, such ID numbers might reduce anonymous pests on-line, by, say, stopping people from getting into chat groups unless they were willing to be identified. Likewise, an ID number could provide added security for financial transactions.

PLANE: Rollout of 'Stealth' Fighter Was Only a Russian Bluff

Continued from Page 1

The plane on the tarmac, he noticed, lacked radar-evading stealth characteristics. For example, he knew that stealth technology required hiding the air-intakes, to achieve the smooth edges that evade radar. But the plane on the tarmac had large, angled air intakes that could easily show up on radar. It did not have other stealth characteristics; for example, it lacked a special radar-absorbing coating, or hidden places for the weapons.

A Western expert who saw the pictures of the plane on the tarmac said, "The visible structure was not new."

In fact, according to Mr. Zhilin and others, the plane on the runway was built years ago to test the prototype engines for a new fighter.

It was a flying laboratory for the engines alone, not a combat plane, Mr. Zhilin said.

On the Russian television news that evening, there were no questions asked about the great advance in Russian mil-

itary aviation. The news reports, showing the plane on the tarmac, told of the first glimpse of the MFI, the Russian acronym for multifunction, front-line fighter.

"According to experts, it can attack up to 20 targets simultaneously," the four-Tass news agency reported. Mr. Sergeyev was quoted by Interfax as saying that the new fighter was better than anything in the Russian Air Force and was "not inferior to the most advanced Western models."

"BLUFF" was the headline over Mr. Zhilin's article saying that the whole ceremony had been for a plane that does not yet exist. The Western expert agreed, saying it was "industry hype."

In fact, the Soviet Union did begin a fifth-generation stealth fighter project in the early 1980s. It was given the code name Project 1/42, and planned to be a 30-ton, twin-engine, single-seat plane capable of flying more than twice the speed of sound. On the drawing board, at least, the \$70 million fighter was to have thrust-vector ring engines allowing it to

make tight turns at any speed. But Project 1/42 ran into financial trouble. It was frozen in 1994, and supposedly terminated in 1997. Some mock-ups and parts of the plane reportedly exist at the design bureau that worked on it.

Russian officials have hinted at air shows that Project 1/42 was never fully canceled. But Mr. Zhilin said, "The program has stopped." He said his sources were workers on the real stealth plane who were angry about the ceremony.

To test the supersonic engines, Russian designers built a test plane designated Project 1/44. It was the one that was rolled out on the tarmac, Mr. Zhilin said, recalling that he had seen the same airplane two years ago in a hangar.

Mr. Zhilin speculated that what he called the "bluff" had been carried out to cover up financial misdealings in the aerospace industry. He said some officials were questioning whether government money for Project 1/42 had disappeared.

The MiG company has been stung by the disclosures. In response to questions, a spokesman, Sergei Samatov, said Mr. Zhilin's claims "are not true to reality, to put it mildly." He added the fighter "is not a bluff and it is practically ready for the first flight that will happen in March 1999."

But another official acknowledged that the plane that was rolled out on the runway was in fact the engine-testing model, a far cry from the stealth version.

Anatoli Kvochur, deputy head of the Gromov flight-test institute, said that the test plane was "roughly speaking, the first flying model" of the stealth. "Naturally," he said, "the plane will be different, it will have a different wing, but it will happen after a certain stage of flying tests."

"This country needs such a plane," he said. "Whether our budget can afford such a plane is a different thing."

Fighting Spreads Around Brazzaville

Reuters

KINSHASA, Democratic Republic of the Congo — Rocket and machine-gun fire rocked Brazzaville, the capital of the Republic of Congo, on Friday, and some rounds fell in Kinshasa across the river, witnesses said.

In Paris, the Foreign Ministry said France was considering bringing its national home from its former colony. "We are studying appropriate steps to allow those who want to leave to do so, according to how the situation evolves," Anne Gazeau-Secret, a ministry spokeswoman, said. There are about 300

French nationals in Republic of Congo. A French gendarme was shot to death as he stood guard at the French Embassy in Brazzaville. French military officials said he was killed outside the main gate while trying to stop about 20 gunmen who were attacking the embassy.

Aid workers said fighting had engulfed several districts of the city. Shelling has been coming from the city center toward the southern suburbs of Makalelele and Bacongo, strongholds of Bernard Kolélas. The militia of the exiled prime minister has been fighting pro-government forces for months.

Congo Refugees In Rebel Region Will Get UN Aid

The Associated Press

GOMA, Democratic Republic of the Congo — The United Nations announced Friday that it would begin caring for hundreds of thousands of people displaced by war in eastern Congo, lifting a financial burden from rebel leaders.

Authorities in the capital, Kinshasa, had previously rejected UN plans to bring badly needed food and medical supplies into eastern Congo from neighboring Rwanda and Uganda.

President Laurent Kabila accused the two countries of invading Congo in support of the rebels and demands their pullout.

Charles Petre, a senior UN humanitarian adviser, said after meeting with rebel leaders that both the government and rebel authorities had been informed of UN impartiality in the six-month civil war and that aid would soon start flowing into rebel-controlled territory.

"We are not asking for any body's permission. This is the emergency humanitarian assistance, and we understand we have cooperation from both sides in achieving our objectives," he said.

The aid will include everything from food, medicine and plastic sheeting for the hundreds of thousands of displaced people to agricultural tools. Foreign donors have already earmarked funds.

According to UN estimates, at least 235,000 people have been displaced in the region.

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ART

Nouveau Collecting

An Obsessive Love

By Rita Reif
New York Times Service

NEW YORK — In 1972, Robert Schreiber, a New York entrepreneur, moved to Stockholm to sell Frye boots and bell-bottom jeans to descendants of the Vikings. His business flourished over the next five years, and he spent most of his profits on Art Nouveau objects.

"Galle lamps and Tiffany ceramics were my weaknesses," he said. "But I couldn't afford expensive Art Nouveau. So I bought as many of the less costly Swedish turn-of-the-century porcelains by Rorstrand that I could find."

Schreiber chose to collect — obsessively at times — Rorstrand's frosty looking porcelains, decorated in relief with pastel images of insects, marine life and flowers. He began with a bad vase, a gift adorned with an image of Sweden's St. Nick, a pensive figure with a glorious white beard and red hat called Jultomten.

"The vase had that cold Yule look, snow dripping on the old man on the front and on the fir forest on the back," Schreiber said. "I just knew I had to have more examples of these porcelains."



Detail of a vase with dragonflies, by Karl Lindstrom circa 1905.

Today his collection of 150 Art Nouveau Rorstrand vases, bowls and jardinières is described by experts as the largest and most important anywhere. A selection of 86 pieces is now on view in "Rorstrand: Swedish Art Nouveau Porcelain" at the American Craft Museum in Manhattan through May 23. The show was seen in a different version last year at the National Museum in Stockholm.

Before Schreiber bought anything, he visited the Stockholm museum to familiarize himself with the best pieces made by Rorstrand in this style. He was struck by five splendid floral decorated vases on display, but such masterworks were impossible to find then in the marketplace. So he bought only, as he put it, "on visits to the homes of friends' grandmothers."

Once the style became more popular in the late 1970s, the pace of his buying quickened. To finance his collecting, he became a private dealer, selling pieces from his collection to art dealers like Lillian Nassan.

"I've always been an over-bought collector," Schreiber said. He collected stamps and campaign buttons this way as a boy. He also over-bought as an

adult, when he focused first on cigarette lighters and later switched to ceramics: Rorstrand porcelains, Rookwood pottery, Tiffany earthenware and Swedish Art Deco stoneware by Gustavsberg.

While its porcelain is now considered a high point in the Rorstrand company's history, the factory began late to producing this material. Founded in 1726 at Rorstrand Castle in Stockholm, it was called the Swedish Porcelain Works. (It's now a division of the Hackman Group of Helsinki, a Finnish conglomerate.) The ceramics made there were delicate earthenware and, briefly, faience, or soft-paste porcelain. The factory began producing Art Nouveau porcelains, mostly in limited editions, after 1897.

Rorstrand's porcelains are far less sinuous in form and sinister in motifs than the most expressive works by the French and Belgian Art Nouveau artists. The Swedish pieces incorporate familiar Art Nouveau images (dragonflies, swans, water lilies and anemones) as well as those of Swedish flora and fauna (sweet peas, thistles, star fish, salamanders, crabs and walrus).

Rorstrand's artists designed pieces that were in the more abstract Arts and Crafts mode as well as the free-flowing Art Nouveau style. Ruben Rising

did both on different vases, using sweet peas to form a spiraling pattern and to shape a curvy mouth. Algot Eriksson opted for the undulating line. He pinched the neck of a delicate white vase to create a mouth that resembled a blossoming flower.

THREE effects, devised under Rorstrand's director, Robert Almström, and chief designer, Alf Wallander, helped restore craftsmanship to the industrial process at the turn of the century. Artists were made part of the creation of these porcelains from the first sketches to the final glazes.

"The Rorstrand works were closer to studio works than factory-made products," said David Revere McFadden, chief curator of the American Craft Museum. "This focus on process, even in factory settings or large studios, has been emphasized by this museum since its founding — in the landmark Louis Comfort Tiffany exhibition of 1958 and the Frank Lloyd Wright show of 1992."

The exhibition and a companion show of 20th-century Severs were organized to reflect this thinking by McFadden. They are the first exhibitions organized by him since he joined the museum in late 1997.

Melding Light and Rhythm

Beyond Impressionism, a New Image of Monet

By Souren Melikian
International Herald Tribune

LONDON — This should be the Millennium Art Show. "Monet in the 20th Century" is one of the greatest painting exhibitions ever.

Paul Tucker of the University of Massachusetts, the mastermind behind it, and Norman Rosenthal, director of the Royal Academy, who put him up to it, have pulled off the most difficult of all tricks in the show (until April 18). In admirable sequences, 83 pictures — of which 21 are borrowed from private collections — project a radically new image of an artist so famous that any idea of making discoveries seemed preposterous.

Forget Monet the Impressionist with his sunlit gardens and misty harbors, blurred but identifiable. Meet Monet the inventor of light and rhythm, freed (almost) from the burden of subject matter that serves as an excuse.

Right from the beginning the visitor becomes aware that the motif no longer has much relevance. One of the first pictures, "The Garden," done in 1900, is a rhythmic pageant of purple dabs (lilies) slanting across the composition under a shower of red and green strokes. On loan from the Ralph T. Coe Collection, the landscape is virtually unknown.

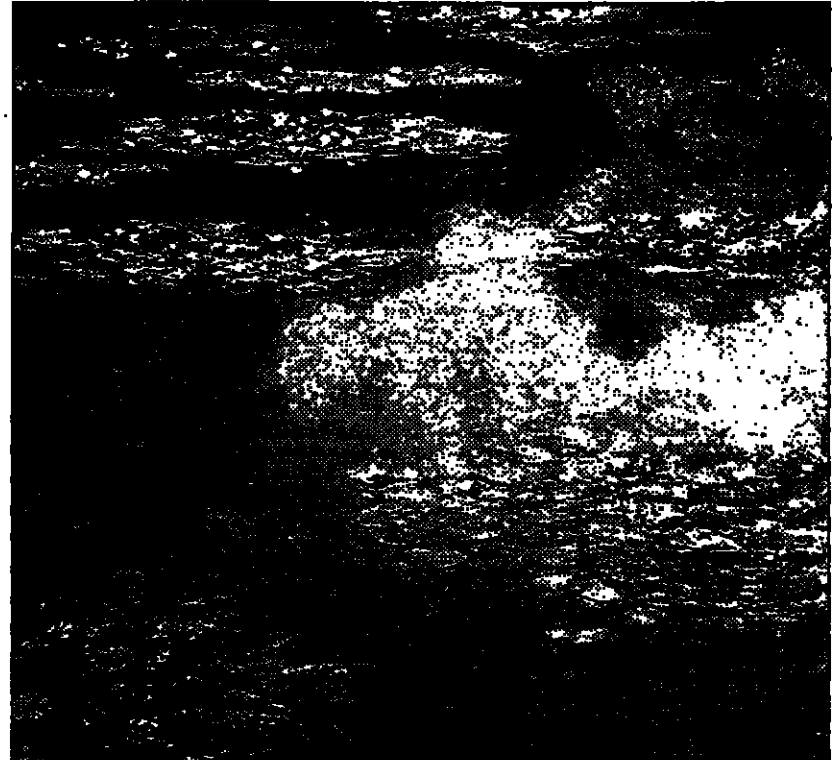
Next to it, the same garden, almost the same flowers are seen in more abstract groupings of purple pink, carmine red and orange dots. Symmetry changes everything. Only the path identifies the composition as a figure through a criss-cross of shadows. In both, what matters is the rhythm and the coloristic notions that sustain it.

Nearly, views of the Japanese bridge in the painter's garden, including the unforgettable Art Institute of Chicago version with its grayish-turquoise water lilies in the foreground, make the point that as an innovator in elaborate composition, Monet could not have been greater at the very moment when he was about to turn his attention away from structure and perspective.

The London bridges painted in 1902 and 1903 point to new preoccupations. In the 1890s, Monet still attempted to catch the variations of light in a landscape or a facade, accompanied by changes in the density of detail. Now, the artist seemed eager to get as close as possible to the point where the scenery melts down.

It might be the effect of a pale luminous haze under a wintry sun blurring the edges, flattening the relief as in the 1903 "Waterloo Bridge" from the McMaster University Collection in Hamilton, Ontario. Or it could be the result of light receding, about to vanish altogether, as in the National Gallery, Washington, view of 1904, where the bluish-green pall of dusk covers up everything, pierced only by flash points and ill-defined shadows.

With the "Houses of Parliament," Monet had one last fling with the Romanticism of his earlier days, when he would paint such somber misty harbor views as his famous 1872 "Impression, Sunrise." But even here, the transformation is radical. Gone is all detail. The neo-Gothic towers rise like shapes remembered from a dream. They may be floating in purple darkness as in the poetic view of 1900-1901, on loan from a Japanese collection, or set off by a red blaze in the sky and its fiery reflection in the sea as in the Turner-influenced masterpiece from the Kunsthhaus, Zurich.



"Water Lilies," 1907, oil on canvas by Claude Monet.

That was nearly the end of open landscape painting for Monet. Henceforth, he would gaze at nature refashioned in his garden at Giverny to serve as a guide to his colored dreams.

The pond and its floating islands mesmerized Monet. He painted 48 "Water Lilies," of which 23 are in the show, in sequences that take the visitor on a trip through the artist's search for abstraction. A succession of square formats hung with an impeccable sense of rhythm gives the viewers the feeling that they are zooming in on the pond and then step back. In the process, the eye takes in details that could be easily overlooked out of context. In the admirable Denver Art Museum picture, the oval clusters of blossoms suggested in quick color dabs are carved in the impasto. All around, the green, black and maroon reflections shimmer with the dark silkenness of water mirroring the sky.

NEARBY, a water lilies view from an American private collection has the appearance of a close-up. Yet, instead of being precisely delineated, the lilies are, if anything, more elusive. Wavy reflections, presumably of unseen trees, enhance the feeling of mystery.

A year later, Monet went one step further in his exploration of abstraction in square format. In the Worcester Art Museum "Water Lilies," pale yellow wisps hover in the upper corner right as almond-green and lilac oval patches float below to the left. The subject can be recognized, but is of no consequence.

Did the mists encircling Mount Fuji and the water lilies of their Buddhist monasteries make the Japanese more receptive than others to the poetry of Monet's achievements as he moved further away from figuration? The superior picture here again comes from Japan — the little-known Maspro Denkoh Art Museum outside Nagoya. A golden yellow haze comes down, traversed by a paler stream that widens into a toned lilac expanse punctuated by six carmine-red buds.

Or is it a greater aptitude at dreaming wild dreams shared with the Scandinavians? In a series of vertical "Water Lilies" done in 1907, water cascades down like a stream of fire leaping between rock beds. Here, the winners are the Gothenburg Museum of Art in Sweden and the Bridgestone Museum of Art run by the Ishibashi Foundation in Tokyo.

So powerful was the hold of abstract stylization on Monet by 1908 that when he endeavored to take interest in the views of Venice, where he spent a few months with his second wife, it was almost beyond him. In the Grand Canal view from the Brooklyn Museum of Art, the reflections in the sea handled like a counterpoint in colored lozenges take precedence over monuments.

Monet returned to more important subjects: water, lilies, reflections in his pond. Some of his experiments attained an astounding modernity. Again, it took Japanese eyes to perceive their most advanced boldness. The "Water Lilies" of 1914-1917 on loan from the Asahi Breweries could be the work of some New York artist of the 1960s — if such a talent existed there in those years.

Yet, even this pales by comparison with the visionary abstractions by Monet in his old age. The artist was in his eighties when, returning to his Japanese bridge, he saw it as a myriad of green and white dots through which darker green arcs span some ill-defined space. This masterpiece, never exhibited before, is now in a European private collection. In another version lent by the Philadelphia Museum of Art, the bridge has become an abstraction in red, gold, orange and green with a different rhythm.

A weeping willow inspired a masterpiece, again virtually unknown (private collection, no location given), in which one trunk can be made out amidst a forest of dark colored streaks, while "A Path Under Rose Arches" altogether defies identification. It is an abstract vortex of colored strands. Monet? The stamped signature vouches for it. But who would guess it?

BOOKS

SWEET CHAOS:

The Grateful Dead's American Adventure

By Carol Brightman. 356 pages. \$27.50. Clarkson Potter.

Reviewed by Carolyn Ruff

THE publishing world dumped a slew of new books about the Grateful Dead into bookstores a few years ago — even before the legendary singer of the band, Jerry Garcia, died in 1995. "With the exception of 'Dark Star' by Robert Greenfield, most of them were better left off the shelves. Carol Brightman seems to have completely missed her marketing moment with 'Sweet Chaos.'"

Unhappily by the pressure of immediate demand, Brightman has produced the most exhaustive and beautifully written book so far about the band. With insight and clarity, she captures the essence of not only the Grateful Dead, but the entire '60s era in which the band began.

I reluctantly admit I was once one of the many thousands of Deadheads following the band around the country, living within a subculture alien to most Americans. There was a period in my life when nothing brought me more joy than watching the Dead walk on stage.

Eventually I outgrew the scene and, as a reformed Deadhead, was skeptical that any book could accurately convey the unique quality of the band, let alone provide fresh material about its past.

Brightman (who won a National Book Critics Circle Award for "Writing Dangerously: Mary McCarthy and Her World") proved me wrong. "Sweet Chaos" draws on extensive inter-

views with the remaining band members Mickey Hart, Phil Lesh and Bob Weir, and other members of the Dead coterie. Brightman is clearly not a Deadhead, but as a member of the generation that came of age during the '60s she finds common ground with the band's followers.

Brightman understands that they were always much more than a rock band, but like so many — even those in the band — she does not quite know why the Dead created such a legacy.

She writes: "One cannot recreate the era out of which the Grateful Dead emerged without recalling civil rights and the Free Speech Movement, Vietnam, the Cuban Revolution, and the Weathermen." She begins her journey into the Dead's past by examining what may be the most defining characteristic of the band and its music: drugs. As with every topic she covers, Brightman doesn't settle for casual explanations. She discusses the role of Ken Kesey and the Merry Pranksters, the all-night drug parties and the alleged involvement of the CIA in introducing LSD and other harder drugs to the free spirits on Haight Street.

This book is not so much about the Dead, the reader soon learns, as about the many factors that created and sustained the band. Brightman devotes considerable at-

tention to the anti-war movements springing up on college campuses around the country, and observes that the band, like many in the counterculture, "turned, often quite consciously, to rock and roll and drugs as antidotes to the nameless horrors Vietnam evoked."

Did the Grateful Dead make a small but indelible

mark on society or did society mold the Dead? Thirty years later, this question has not been answered. But Brightman has come the closest yet to providing an intriguing glimpse into the band's mystery.

Carolyn Ruff, a writer in Washington, wrote this for The Washington Post.

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In Paris, the Treasury of St. Francis of Assisi

New York Times Service

NEW YORK — A major show in Paris of Italian Renaissance art began as an effort to raise public awareness of the damage earthquakes did to precious frescoes in the Basilica of St. Francis of Assisi two years ago in central Italy.

Three organizations — the Ministry of Culture in Rome, the Apostolic Library at the Vatican and the Basilica and Convent of St. Francis at Assisi — organized an exhibition of 70 works of art and objects. It is now at the Petit Palais in Paris until mid-February, and will travel to the Metropolitan Museum of Art in New York.

This core exhibition will be supplemented by 30 more works from mu-

seums and private collections in Europe and the United States to create "The Treasury of St. Francis of Assisi." It will be at the Met from March 16 through June 27.

The exhibition will include medieval and Renaissance panel painting, sculpture, goldsmiths' work, textiles and illuminated manuscripts. It will show the development of early Renaissance art.

"With the reconstruction of the basilica, there was an opportunity to remove many objects and give them greater visibility," said Philippe de Montebello, director of the Met. "Assisi was one of the greatest centers of art in the 13th century."

Laurence B. Kanter, the Met curator in charge of the exhibition, said he had

selected "both the most telling masterpieces and works of art in the best condition that could travel safely from Assisi."

The show has three parts. The first covers the Basilica of St. Francis, beginning with its founding in 1228 as a center of piety.

THE second explores the large artists' workshops that existed around the Convent of Assisi during its construction and decoration from 1230 to 1330.

The last features objects, mostly panel paintings that were given to the Basilica in 1955 by the American art historian and dealer Frederick Mason Perkins.

CROSS WORD PUZZLE By Robert Malinow

<p>ACROSS</p> <p>1 Jumble</p> <p>5 Gut feeling?</p> <p>10 Put one past?</p> <p>14 70's-80's Mercury</p> <p>19 — Rios</p> <p>20 — (American resort)</p> <p>21 Cole Porter title city</p> <p>22 Rumble</p> <p>23 Ethical Culture Society founder</p> <p>24 Felix</p> <p>25 Certain corner square</p> <p>26 Novel 60's radical</p> <p>27 First name in horror</p> <p>28 Stopping points</p> <p>29 "Darn —"</p> <p>30 Tree that sprouts roots from its branches</p> <p>31 Actress Bergman</p> <p>32 "Popeye" creator</p> <p>33 Brit. honor</p> <p>37 — (1958 peace agreement)</p> <p>38 Nabors role</p> <p>39 Stock holder?</p> <p>41 Staple Le Carré feature</p> <p>43 Sense-ability</p> <p>47 Dun</p> <p>48 — a borrower</p> <p>50 Tanker</p> <p>52 Blind as —</p> <p>55 Boxy</p> <p>58 Part</p> <p>61 Quickly, mailwise</p> <p>63 Einstein, e.g.</p> <p>64 Least suave</p> <p>65 Roller</p> <p>67 Hoodwink</p> <p>68 Horse-leathers</p> <p>69 Lenton treat</p> <p>74 Family members</p> <p>75 Handy</p> <p>76 Maleshift punishment device</p> <p>79 Yearly Analyst, originally</p>	<p>DOWN</p> <p>82 Teens, e.g.</p> <p>84 Standard score</p> <p>86 Targets appear on them</p> <p>87 More awesome</p> <p>89 Seams</p> <p>90 Sites for dates</p> <p>91 Blew a gasket</p> <p>93 Rhinoc</p> <p>95 West downhill</p> <p>96 Fast</p> <p>99 Bit of embroidery</p> <p>103 T.G.I.F. party</p> <p>104 Request</p> <p>105 Sailing orphan</p> <p>106 Atmospheric beginning</p> <p>107 Enzyme suffix</p> <p>108 Holder</p> <p>110 All eyes</p> <p>112 Part of a</p> <p>113 Shriner's attire</p> <p>115 Cousin of a raccoon</p> <p>117 Gossipy Barrett</p> <p>119 Forest female</p> <p>120 Subject of strike</p> <p>121 Write something, even if not the final draft</p> <p>124 Aggravation's wife</p> <p>125 Collectible</p> <p>126 Photo</p> <p>128 "Who can that be?" response</p> <p>127 Fuss</p> <p>128 Cedric — of</p> <p>130 "Little Lord Fauntleroy"</p> <p>132 Those caballeros</p> <p>133 "The Entry of Christ into Brussels" artist</p> <p>134 Hospital work</p> <p>135 Nickname for a good kisser</p> <p>136 NATO, e.g.</p> <p>137 Roof, in a way</p> <p>138 Proceed on one leg</p> <p>139 Flips</p> <p>140 Court material</p>	<p>7 Military danger</p> <p>8 Literary contraction</p> <p>9 Do further archeological work</p> <p>10 Jockey who won 17 Triple Crown races</p> <p>11 Hip</p> <p>12 Ring locale</p> <p>13 Dr. of rap</p> <p>14 Castro calls it home</p> <p>15 Gulf port</p> <p>16 Not speak seriously</p> <p>17 Communications satellites</p> <p>18 Actress Pappas and others</p> <p>24 Year in the apostle Paul's travels</p> <p>25 Native village, in South Africa</p> <p>30 Retro car</p> <p>32 Range order</p> <p>34 Apodes member</p> <p>36 Radar sighting</p> <p>38 Partner-in-crime</p> <p>42 Free</p> <p>43 Cronies</p> <p>44 Kidney enzyme</p> <p>46 Italian cabbage</p> <p>48 Photo</p> <p>51 Flog</p> <p>53 "Peace be with you" and others</p> <p>54 Sounds from the master's room</p> <p>56 Wandering</p> <p>57 Like some pieces</p> <p>58 Rugby formations</p> <p>59 Alluring</p> <p>60 Back</p> <p>62 Union opposer</p> <p>66 Notorious 30's-40's criminal</p> <p>70 It comes in black and white</p> <p>71 Bordeaux output</p> <p>72 Rurik's locale</p> <p>73 Turner and others</p> <p>76 Oral traditions</p> <p>77 TV's Gray and Moran</p> <p>80 Réminon and others</p> <p>81 Daredevil</p> <p>83 Attacks</p> <p>85 Blab</p> <p>86 Bob Coumy's alma mater</p> <p>88 "Phooey?"</p> <p>89 Cleanest workers</p> <p>94 It's a wrap</p> <p>96 1980 dance biography</p> <p>97 Authorize</p> <p>98 1970's policy</p> <p>99 Actress Lombard</p> <p>100 High provider</p> <p>101 Japotes</p> <p>102 The "H" in Hamukah</p> <p>104 Toot</p> <p>106 Feudal lord</p> <p>111 "Emerald Point" of 80's TV</p> <p>113 "My —" I</p> <p>114 Shrieking sea</p> <p>116 Comics canine</p> <p>118 Hydrex competitor</p> <p>121 Cousin of "tummy"</p> <p>122 Took the title</p> <p>123 M.L. pilot's award</p>
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Solution to Puzzle of Jan. 16-17

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Clinton Defense

It's Time for a Vote

The senators have now heard the House prosecutors and President Bill Clinton's lawyers debate both the evidence and the constitution. They have heard hours of argument as to whether they should be punitive or forgiving about the fact that Mr. Clinton lied under oath. But what they have not heard is a convincing argument that his misconduct, whether viewed darkly or with compassion, meets the standard for removal spelled out in the constitution.

That is because Dale Bumpers, the former senator who chaired the president's defense with a geyser of folksy oratory, was right. Mr. Clinton's conduct can be described as indefensible, outrageous and shameful. But it does not constitute the "distinctly political offense against the state" that the framers regarded as necessary for impeachment.

The majority leader, Trent Lott, suggested that he grasped this by urging the senators to conclude their questioning of the presenters by Friday afternoon. That would clear the way for a vote early next week that would demonstrate that the 67 votes required for removal are not there. It is time for such a vote, and it is in the political interests of both sides to have it as soon as possible.

The Democrats want it because they sense that the steam will go out of the

prosecution once the public sees a convincing test vote. The Senate Republicans, for their part, want to get loose from this issue.

The House prosecutors have not been able to spread their passion to the senators of their own party. Most of them realize that if the Reverend Pat Robertson is willing to concede that the president cannot be removed, it is time to settle up.

Mr. Lott's immediate problem is still that of getting around the question of calling witnesses. It will be an unproductive exercise. We believe, like the big majorities in the polls, that a common-sense analysis of the record shows that Mr. Clinton gave false testimony under oath and tried to impede justice. We also grant that the Clinton defense team raised reasonable questions about whether this conduct would be found by a court to meet the legal definition of perjury and obstruction.

Representative Henry Hyde warned Thursday against a "rush to judgment" because he sensed that the Senate was ready to conclude. There will be a lot of skinning over the witness issue during the weekend. Mr. Lott would insist that none can be called unless they add striking new evidence. If that is the standard, the Senate can be ready to vote down removal and move on to censure early next week.

—THE NEW YORK TIMES.

Blips on Both Sides

The defense presented by the Clinton legal team in its initial three days of argument in the Senate was an impressive effort to recast the record in the most innocent fashion conceivable. The president's lawyers highlighted overlooked material from the grand jury proceedings, corrected distortions of the record by the House impeachment managers, distorted the record themselves at times and polished it all off with somewhat overstated constitutional arguments.

The White House had considerable help in making its arguments from the

impeachment managers themselves. It was, after all, largely the undisputed nature of the House's case that fueled the president's defense. On the strongest and most central perjury allegations — those related to the details of his sexual relationship with Monica Lewinsky — the president's defense remained unconvincing, while his testimony remains credible. Similarly, the strength of the White House's presentation of the obstruction of justice article highlights mainly the folly of the House's having impeached the president on this count without having done any investigation of its own.

—THE WASHINGTON POST.

Caution on a Missile Shield

During the Cold War, when the only real missile threat to America came from the Soviet Union, building missile defenses was rightly seen as a bad idea. The other side simply would build more offensive missiles so that some got through any shield. Today's world is different, with reckless lesser powers like North Korea developing long-range missiles that could one day reach U.S. soil.

The Clinton administration is right to devote money and effort to designing a limited missile defense system to counter this potential threat. But America's preparations have to be guided by the imminence of the danger, the technical challenges and the possible diplomatic consequences for managing nuclear relations with Russia and China.

The administration is acting responsibly in moving ahead with a \$4 billion research and testing program over the next six years and setting aside \$6.6 billion for possible future construction. But the White House must not let itself be rushed into a premature decision to proceed with construction. North Korea is closer to being able to launch a missile attack on the United States than was previously thought. The three-stage rocket it tested last year, once

perfected, would probably be able to reach parts of Alaska and Hawaii. What must now be determined is what kind of technologies can be produced to intercept a limited number of missiles.

Despite 40 years of research and testing, America does not yet have a reliable shield against long-range missiles. The challenge is formidable, akin to shooting at speeding bullets. But some day a reliable system will probably be developed. The actual building of a defense system should wait until it is.

Missile defenses are currently restricted by a 1972 treaty between the United States and Russia. That treaty underpins current nuclear arms reduction agreements between the two countries. Since neither would be willing to reduce its arsenal if its missiles were likely to be intercepted in mid-flight.

Renegotiating the treaty to allow a limited defensive system directed against North Korea and other rogue states may be possible, despite Russia's reluctance to do so. But the subject must be approached carefully. Defense Secretary William Cohen's threat that America could simply renounce the treaty if Russia resists amendments was a poor way to start.

—THE NEW YORK TIMES.

Seeds of Reconciliation

Iran is asking to buy a half billion dollars worth of wheat and other farm commodities from the United States. Such a deal would blow a gaping hole in the trade embargo Washington maintains against the Islamic revolutionary regime. This would no doubt please the Iranians, American farmers and their lobbies and legislators also like the idea. But a deal on Iran's terms would address prime American concerns: Iran's support of international terrorism, its opposition to Middle East peace talks and its reach for weapons of mass destruction. These are good reasons for not being carried away.

But this is not the whole story. Just last month, unidentified thugs in Tehran were murdering noted dissidents and opposition figures. The West's hopeful cheers for the efforts of moderates to recapture the Iranian revolution for the rule of law were fading.

But that was before the stunning official announcement of the arrest of about 10 operatives of the state intelligence agency. A moderate faction identified with President Mohammed Khatami is putting these developments to the service of justice and reform. In revolutionary Iran, control of the security forces runs not to the government but to the religious hierarchy, which is led by Ayatollah Ali Khamenei.

Iran and the United States have grievances dating from the Cold War period but no real conflicts in abiding national interests; they share a concern for the stability and welfare of the Gulf. The murders were a step back in their relations. But the arrests and any trials to come could strengthen the case for restoration of diplomatic relations. Grain sales would fit well in a context in which the interests of both countries were finally being addressed.

—THE WASHINGTON POST.

Brazil's Crisis Ricochets More Than Impeachment

By Moises Naim

WASHINGTON — The American presidency is under siege, and the world does not seem to care. Yet when Itamar Franco, a provincial governor in Brazil, recently decided to suspend debt payments to his national government, international markets trembled. His decision pushed the dollar down, shook up the financial markets and, a few days later, forced a devaluation of Brazil's currency.

"We obviously felt the shock," said the German finance minister, Oskar Lafontaine. Wim Duisenberg, president of the European Central Bank, publicly worried about the effect of Brazil's situation on the recently introduced euro.

How can the impeachment trial of an American president have less of an international impact than the populist machinations of a Brazilian state governor? Perhaps the lack of discernible international consequences to President Bill Clinton's impeachment stems from the widespread disbelief that he

will be ousted. Or perhaps American institutions are so strong that a presidential impeachment is not perceived as a threat of changes in policy.

In contrast, the Mexican, Asian and Russian economic crises have shown that if a country such as Brazil crashes, the international repercussions are profound, swift and very tangible. It is not that the United States does not matter. The world would not be indifferent if Alan Greenspan or Robert Rubin were replaced, for example.

This also does not mean that economics has completely displaced politics as the force that shapes how countries relate to one another. Globalization has never been just about economics.

In fact, it is sparking new forms of international political contagion that are equally profound and potentially destabilizing, though not as widely recognized. Ask the Chileans — who have

endured riots and the potential derailment of their successful democratic transition, thanks to the actions of a judge on another continent — if they see globalization only as an economic phenomenon.

The attempt by a Spanish judge, Baltasar Garçon, to extradite Augusto Pinochet is a powerful reminder that politics continues to matter and that political shock waves now travel across the world at the same speed and with the same destabilizing consequences as the surging tides of speculative capital.

Moreover, the number and nature of the actors who intervene in international affairs have also changed, as have the rules that guide their behavior.

Governments and their ministries of foreign affairs have even less control over which international issues become national priorities and how they should be handled. In the Pinochet case, a lone judge and a powerful coalition of international civil organizations led by Amnesty International

defined the issue, took action and created important precedents with consequences on a global scale.

Meanwhile, governments scrambled to improvise policies to respond to a confusing situation where past practices offered little guidance.

A world largely oblivious to the American president's impeachment yet hypersensitive to the actions of a provincial official in a less developed country and of a judge whose unilateral actions rocked the political system of a nation an ocean away is a world that has become interconnected in ways no one really understands.

What is clear, however, is that the average American family is likely to be more affected by the crisis in the Brazilian state of Minas Gerais than by the crisis in Washington. Too bad Congress has not noticed.

The writer, editor of Foreign Policy, contributed this column to The New York Times.

Waiting for the 'Just King' to Calm Indonesia's Chaos

By Stanley A. Weiss

WASHINGTON — Reading about the deepening crisis in Indonesia alarmed and confused me, so I asked a Javanese friend to help me understand events in his important country. I just received his letter, which says it best:

You asked me to tell you what is happening in Java, and therefore Indonesia. The truth is, nobody knows. It can best be summed up by a recent headline in The Jakarta Post, "Soothsayers Predict Gloom."

As in the shadow play "Wayang Kulit," Javanese political philosophy requires a polarity of good and evil, an incessant rhythm of change from times of chaos — periods of unrest, rebellion and turbulence — to times of peace under a *raja adil*, a just king.

And there is no denying that Java is going through crazy times. Harmony has vanished. Even the weather has gone mad. So much rain has fallen that the ancient temple of Candi Selogroyo, after having withstood 1,200 rainy seasons, collapsed in a landslide three weeks ago. It never rains in Indonesia — it pours.

Respect for authority has vanished, as it always does after a dictator has been overthrown and his iron rule ended. *Reformasi* is fast becoming the rule of the mob. For too many people, it means doing exactly what they want. They have discovered that they now hold the power, but they do not yet know that power has responsibilities and obligations.

You bear a grudge; you do not like a new price; you feel that one of your colleagues has been slighted. The solution is simple. You burn the shop, the factory, the police station. The army and the powers that be are too scared to act. They sit idly by in an ever-present haze of smoke.

The economic situation is dreadful. The rupiah is stronger because the government goes into the market every day and exchanges \$30 million to \$50 million worth of dollar-denominated loans. Yet many parents are taking their children out of school because they cannot afford the 10,000 rupiah (\$1.25) to pay subsidized school fees for the term. Hoarding of essential goods is beginning again.

Corruption is worse than ever. The civil servants, and anyone else in a position to do so, engage in corruption because they would not survive otherwise. The rich and the powerful are lining their pockets with aid money again in case they have to make a run for it.

Indonesians have always been masters at borrowing money, using and abusing all the big countries — Russia, China, Germany, Japan, the United States and now the International Monetary Fund. And what has it meant for ordinary people?

During the fasting month of Ramadan, the political climate was more subdued. Everybody, even the students, restrained themselves. Traditionally, companies provide their workers with an annual allowance before the end of Ramadan. This year there was little or none, and the poorer people have no money.

There is much anger and frustration under the quiet exterior of enduring acceptance. If this anger is not released soon, we are in for a long, messy process of continual decline, and that might lead to a real civil war.

Remember that President Suharto's "New Order," in which power passed to a small group in the army and in the internal security organization, remains intact. His supporters do not want to change, whatever they may claim. Change means their political, economic and social suicide. They have a vested interest in a slow, socially

disruptive but ultimately controllable period of bad news. This could persuade the people that the only answer is martial law and the postponement of the June elections.

But an eruption would create a general sense of *malu* (deep shame), encompassing all social classes, restoring peace and forcing change. It would be too strong for the ruling political elite to control by martial law. And I do not think the common soldiers can be counted on to fire on their own people; the soldiers all have family members who are suffering.

Out of all this chaos and the subsequent sense of shame, the just king will emerge out of the cosmic light. I know this sounds as if I have gone mad, but this is Java. And we Javanese believe it in our souls, especially the philosophical intellectuals and the paranoiacs — the soothsayers, mystics and gurus.

The rumors are that this *raja adil* is somewhere in a political jail. If his name comes out too early, he is a dead man.

The paranoiacs — now all of Java — talk about Sept. 9, 1999: A row of nine, the sacred number of Java. That is a big, big day to watch. It is when the real action is supposed to take place.

Stanley, my friend, this is

crazy. Trying to analyze events in Java is impossible. Nobody knows what will happen. It is far too complicated. If one thinks about the reality, one just becomes confused. That is half the problem. No one is used to thinking, to having to take responsibility. We are all confused. It is Java.

But, although I sound incredibly pessimistic about the immediate future, I am, totally optimistic about the long term for Indonesia. It is a country going through a bad dose of teenage years, acne-scarred and playing with drugs. That is all.

I replied to my friend, "Might it not be prudent, while waiting for the *raja adil*, for President B.J. Habibie to turn power over to a neutral, unambitious caretaker, as a new constitution is being written? He would have to be someone respected by both Javanese and non-Javanese, the students, workers, the moderate Islamic organizations and the military."

Mr. Weiss is chairman and founder of Business Executives for National Security, an organization of U.S. business leaders. He contributed this column to the International Herald Tribune.

Stanley, my friend, this is

Exile Activists: Good Life Abroad but No Accountability

By Sumanda K. Datta-Ray

SINGAPORE — Exile, said Lord Acton, the 19th century British historian, is "the nursery of nationality." In that, he anticipated Gandhi, who went to South Africa to practice law and returned 22 years later to fight for India's freedom.

But in this age of the fax and the Internet, immigrants see no reason to go home to fight the good fight. They can champion noble Third World causes from the comfort of First World havens. As race fragments the world, and capitalism brings it closer together, immigrants who are determined to maximize the benefits of economic globalization seem to want the best of all worlds, like Kim

Kethavy, the millionaire American who ran for Parliament in his native Cambodia in the 1993 elections.

The rich pursue advertisements offering Belizean or some other exotic citizenship for \$45,000 or a "fully renewable" European passport for \$27,000 plus expenses. The poor mortgage themselves to syndicates that promise a landing amid jobs and opportunity.

The British Conservative politician Norman Tebbit once accused Indian, Pakistani and Caribbean settlers in Britain of disloyalty for cheering visiting

cricket teams from those countries. Passports are less an affirmation of loyalty than a ticket to the labor market; citizenship is a flag of convenience.

Two years ago, a defeated electoral candidate in Bangladesh wanted the victor disqualified because he was British; the victor retaliated by citing a dozen legislators, including several ministers, who were also British subjects.

Actually, Bangladesh's Citizenship Act permits citizens to hold West European and American passports but the constitution bars from Parliament anyone owing allegiance to a

foreign country. A nice conundrum: The law gives, and the law takes away.

At least British-Bangladeshis fight it out at home, as Gandhi did, unlike others who wage their battles from abroad. (Chinese pro-democracy activists in the United States are excluded from this argument because they are not voluntary exiles.)

But expatriate Croats in Australia hoisted the flag of independence before Croatia itself broke with the Yugoslav federation; Tamils in Canada finance Sri Lanka's separatist Tigers; Sikhs in California fuel the demand for a Sikh homeland in India; and Washington seems to expect Iraqi dissidents in London to liberate the motherland.

All these ethnic groups pour money and rhetoric on the shrine of an abandoned homeland. They pay no taxes there, bear no responsibilities and are not accountable to anyone. But, like Filipino workers abroad whose remittances matter to Manila, absence makes them far more consequential to the country of birth than they will ever be in the land of adoption.

The great immigrant nations want legal migrants assimilated as speedily as possible, like Greece-Australians with a resounding Anglo-Saxon names.

Japanese, South Koreans and Arabs cannot so easily erase the traces; in Hawaii, California and France, many no longer want to. Deculturation is now seen as a form of deprivation.

Where then does it belong, this human flotilla and jessam driven by the quest for a better life, at least for the children? Physical cosmopolitanism means emotional homelessness: the farther many Asians travel on the journey of no return, the more they hark back to what they left behind. Mr. Tebbit was wrong in one respect, however — rooting for particular side speaks not of treason but of guilt and heartache in a rootless world.

It is not Britain or America but already-ravaged Third World countries that bear the brunt of the flip side of globalization as a burgeoning migrant community seeks atonement for desertion and compensation for marginalization by exercising power without responsibility.

As Lord Acton might have put it, exile is now the nursery of long-range activism.

The writer, a former editor of The Statesman in India, is an editorial consultant with The Straits Times in Singapore. He contributed this column to the International Herald Tribune.

A Witness to 'The Last Days'

By A.M. Rosenthal

NEW YORK — Then, when the screening was over and everybody in the theater sat in sick and total silence, nobody moving. I knew I could not write another column, nor want to, until I wrote about what we had just seen and had asked myself again whether it proved that there was no God or proved that there was, or proved nothing, the most terrifying thought of all.

I was a resident reporter in Poland only 13 years after the Germans lusted for one last orgasm of hate and ordered as many Jews as possible killed before Allied troops could rescue them. So, I thought, what could I write about "The Last Days," Steven Spielberg's new documentary, that I had not written before? Then I realized that for so many, witnessing the witnesses turns into a mark of prayer — a canvas, a book, money or time to the suffering and persecuted.

Mr. Spielberg is executive producer; the producers are Ken Lipper and June Beallor. I think the film is the prayer-mark of all who made it. Jew and Christian — including interviewers, technicians who recorded witnesses in color and found in the computers the pieces of German black-and-white film that show what five Hungarian survivors saw and suffered.

We think we know all about the Holocaust; we never will. We did not know about Irene Zisblatt or her face as she talks of the dungeon at Auschwitz she was put in with other women awaiting "experimental" surgery of Nazi doctors. Day after day they stood, existing without food or light. They did have water. They drank the water they stood in, and in which they had to defecate.

We had not seen the German doctor Hans Munch saying that having concentration camps was a "thankful" thing for doctors who desired an endless supply of women whose breasts and reproductive organs could be sliced or injected to see what would happen.

This Dr. Munch was tried, and went free, he says, because he subjected some prisoners to

less devastating experiments, thus preventing them from being incinerated at once.

We did not know about the three teenage boys who swore they would always stick together. When one stumbled and fell in a march, and was to be shot on the spot, the two others put themselves in front of him. A guard lifted his rifle and gave them both three seconds to move. They did, and Bill Basch still weeps at their friend's execution.

Renee Firestone saw 20 male prisoners walking in file at Auschwitz. Her father was among them. She cried because she did not want to see her, shaven head and with a rag to cover her. But he did, his last glimpse of her.

Alice Lok Cahana sometimes murmured the Sabbath chants with other women prisoners. Decades later, we see her with her two American sons, rabbis, showing them the latrine — open holes in the ground. The women hid there to perform the ceremony.

Tom Lantos is a Democratic member of the House of Representatives from California. Like the others he says they knew what was going on in Germany but thought — not in Hungary, Hungarians would never do that, not to patriotic Hungarians, like the Jews.

Did you ever see the picture of the town being taken by two Nazi motorcyclists? Or of the townspeople cheering on Nazi reinforcements and screaming that now the Jews would get theirs? Did you know Paul Parks, an African-American with U.S. liberation troops, now a doctor? He approached a German, who spat in his face. "I killed him," Dr. Parks says, "so that he could not do that to anybody else."

But do not go see the picture to see "new" things. Go to see again what you know — the living, skeletons with nothing but skin and bones on their buttocks and thighs, the dead skeletons filling scores of boxcars because the Nazis wanted them dead before U.S. troops could give them life.

The film allows us to see and remember, if we so choose. The fact of the choice will not answer all the God questions, but it might help.

The New York Times

Herald Tribune

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Tel.: (1) 41.43.93.01 Fax: Subscriptions, (1) 41.43.92.10; Advertising, (1) 41.43.92.12; News, (1) 41.43.93.38.
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Ming Pao, 111, 113, 115, 117, 119, 121, 123, 125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173, 175, 177, 179, 181, 183, 185, 187, 189, 191, 193, 195, 197, 199, 201, 203, 205, 207, 209, 211, 213, 215, 217, 219, 221, 223, 225, 227, 229, 231, 233, 235, 237, 239, 241, 243, 245, 247, 249, 251, 253, 255, 257, 259, 261, 263, 265, 267, 269, 271, 273, 275, 277, 279, 281, 283, 285, 287, 289, 291, 293, 295, 297, 299, 301, 303, 305, 307, 309, 311, 313, 315, 317, 319, 321, 323, 325, 327, 329, 331, 333, 335, 337, 339, 341, 343, 345, 347, 349, 351, 353, 355, 357, 359, 361, 363, 365, 367, 369, 371, 373, 375, 377, 379, 381, 383, 385, 387, 389, 391, 393, 395, 397, 399, 401, 403, 405, 407, 409, 411, 413, 415, 417, 419, 421, 423, 425, 427, 429, 431, 433, 435, 437, 439, 441, 443, 445, 447, 449, 451, 453, 455, 457, 459, 461, 463, 465, 467, 469, 471, 473, 475, 477, 479, 481, 483, 485, 487, 489, 491, 493, 495, 497, 499, 501, 503, 505, 507, 509, 511, 513, 515, 517, 519, 521, 523, 525, 527, 529, 531, 533, 535, 537, 539, 541, 543, 545, 547, 549, 551, 553, 555, 557, 559, 561, 563, 565, 567, 569, 571, 573, 575, 577, 579, 581, 583, 585, 587, 589, 591, 593, 595, 597, 599, 601, 603, 605, 607, 609, 611, 613, 615, 617, 619, 621, 623, 625, 627, 629, 631, 633, 635, 637, 639, 641, 643, 645, 647, 649, 651, 653, 655, 657, 659, 661, 663, 665, 667, 669, 671, 673, 675, 677, 679, 681, 683, 685, 687, 689, 691, 693, 695, 697, 699, 701, 703, 705, 707, 709, 711, 713, 715, 717, 719, 721, 723, 725, 727, 729, 731, 733, 735, 737, 739, 741, 743, 745, 747, 749, 751, 753, 755, 757, 759, 761, 763, 765, 767, 769, 771, 773, 775, 777, 779, 781, 783, 785, 787, 789, 791, 793, 795, 797, 799, 801, 803, 805, 807, 809, 811, 813, 815, 817, 819, 821, 823, 825, 827, 829, 831, 833, 835, 837, 839, 841, 843, 845, 847, 849, 851, 853, 855, 857, 859, 861, 863, 865, 867, 869, 871, 873, 875, 877, 879, 881, 883, 885, 887, 889, 891, 893, 895, 897, 899, 901, 903, 905, 907, 909, 911, 913, 915, 917, 919, 921, 923, 925, 927, 929, 931, 933, 935, 937, 939, 941, 943, 945, 947, 949, 951, 953, 955, 957, 959, 961, 963, 965, 967

Compiled by Our Staff From Dispatches

The United States has accused Japan of flooding the market with cheap steel exports and contributing to the U.S. trade deficit, which rose sharply in November. (AFP, Bridge News)

"Nobody expected that it would be put into bankruptcy." And why should they have? China has rarely used its bankruptcy law, although it has been on the books since 1986. And it has never invoked the law in the case of a

See BANKRUPTCY, Page 13

[illegible]

See DOMAIN, Page 13

THE AMERICAS

Brazil and IBM Keep Blue-Chips Down

Compiled by Our Staff From Dispatches

NEW YORK — Stocks closed lower Friday, with worries about the fall from Brazil's economic problems and sharp losses by IBM hitting the market.

The Dow Jones Industrial average closed 143.41 points lower at 9,120.67, and the Standard & Poor's 500 index ended down 9.97 points at 1,225.19. Declining issues outnumbered advancing ones by a 3-to-2 ratio on the New York Stock Exchange. The Nasdaq composite closed down 5.84 points at 2,338.88.

Concerns that Brazil's economic instability and currency devaluation could weaken other countries in Latin America — a major U.S. trading partner — weighed on stocks. Sao Paulo's Bovespa stock index tumbled about 2 percent on worries about the real and the flight of dollars from the country, Latin America's biggest economy.

U.S. STOCKS

While the computer giant posted a 12 percent increase in earnings, most of the growth came from computer services and software products rather than its core business.

"When IBM earnings came out good, but not spectacular, it combined with Brazil for a general reallocation," said Dan Ascani, president and director of research at Global Market Strategists.

Lucent Technologies, which on Thursday also reported strong earnings but sales that slightly disappointed

analysts, fell 34 to 103 3/16.

"When you look at stocks like IBM and Lucent, they were priced for perfection," said Jon Olesky, head of block trading at Morgan Stanley Dean Witter & Co. Investors want to see "not a hiccup, not a wrinkle."

Some Internet stocks, which fell sharply in early trading, rebounded near the close. While investors worry that the Internet stock boom will soon end, many could not resist the bargains available after a steep sell-off on Thursday.

"If you look at where prices were a few weeks ago and where they are now, of course you have people jumping in to buy them because they think they are bargains," said Barry Seceman, head trader for Robert W. Baird & Co.

Amazon.com, the leading on-line bookseller, rose 17 to 123, and Yahoo!, the leading Internet search service, rose 204 to 28.54.

Investors also were still willing to take a chance on relative unknowns.

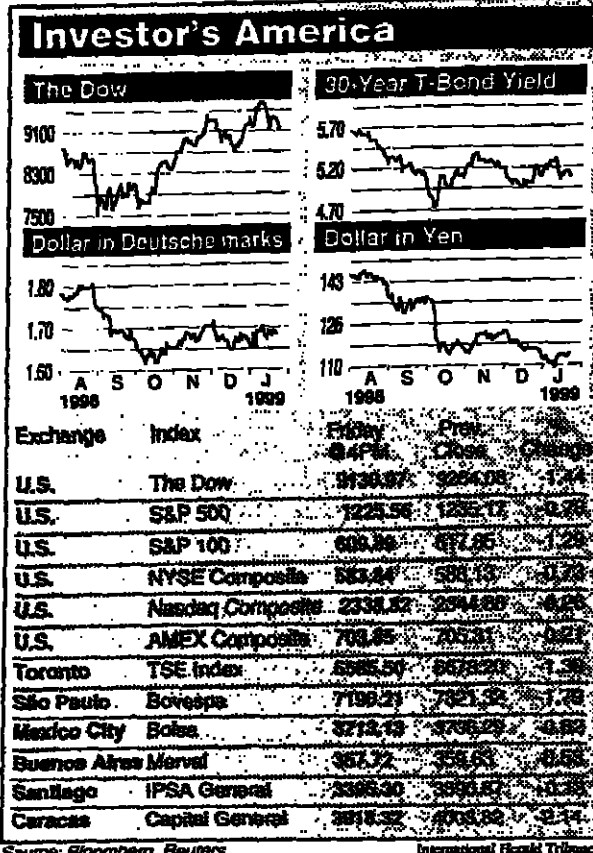
Covad Communications rose 27 1/2 to 45 1/2 after an initial public offering of 7.8 million shares priced at 18. The company provides high-speed Internet access over copper telephone lines.

Imagimon rose 1 to 6 25/32 after it said it expected to win a patent for its "WebZinger" Internet search technology.

In the Treasury bond market, the price of the benchmark 30-year issue rose 22/32 to 102 14/32, sending the yield down to 5.09 percent from 5.13 percent Thursday. Investors worried about the safety of emerging markets moved funds to U.S. bonds, analysts said.

"It's a safe-haven situation," said Ted Rivelle, chief investment officer at Metropolitan West Asset Management.

(Reuters, Bloomberg, AP)



Very briefly:

• **Caldor Corp.**, a discount retailer that has been operating under bankruptcy court protection since 1995, announced that it was closing its 145 stores in nine East Coast states. The decision to liquidate the company follows the refusal of a group of creditors to agree to a reorganization plan, the Caldor management said.

• **BankAmerica Corp.** wants to cut its emerging markets exposure by another 50 percent, although reaching that goal is not certain, its chief financial officer, James Hance, has told analysts. The biggest U.S. bank cut its emerging market exposure, including loans and investments, to \$36.7 billion from \$41 billion in the fourth quarter.

• **IMC Global Inc.**, one of the world's biggest fertilizer and salt companies, agreed to sell its distribution unit for \$300 million to Royster-Clark, an agricultural wholesaler and retailer. The sale will result in a fourth-quarter charge of about \$75 million, or 65 cents a share, the company said. The sale is part of IMC's plan to cut costs and boost profit. IMC has combined or sold units and cut 530 jobs since September.

• **Seagram Co.'s Universal Music Group**, the world's biggest music company, fired 500 U.S. employees, said several sources, as it absorbs its newly acquired Polygram NV, a source familiar with the move said. The cuts amount to about 3 percent of Universal Music's 15,500 worldwide work force.

• **Knight Ridder Inc.**, which publishes the Miami Herald, Philadelphia Inquirer and San Jose Mercury News, said fourth-quarter profit from continuing operations fell 7.3 percent, to \$80.3 million, on lower advertising sales and weakness at some of its dailies.

• **Sun Microsystems Inc.** reported slightly better-than-expected second-quarter net income of \$261.1 million for the quarter ended Dec. 27, up 22 percent from a year ago, due to strong sales of servers, workstations, services and storage products. The company, which has seen its stock soar in recent weeks, also announced a 2-for-1 stock split to shareholders of record on Jan. 21.

AP, Bloomberg

Teenage Buyers Sour on Pro Sports Apparel

By Stephanie Stoughton
Washington Post Service

WASHINGTON — Jason Stratton, 16, is a teenager who enjoys watching the Denver Broncos on TV. But you'd be hard-pressed to find a shirt, jacket or hat bearing the team name in the teenager's wardrobe.

"It's too low," he explained. "I'm a teenager, and I live in Alexandria, Virginia, and I can't tell you why I shun the apparel of sports teams as decidedly unhip. But it is clear he feels quite differently about his red-white-and-blue Tommy Hilfiger jacket."

"I just wear it just to be wearing it," the 15-year-old said. "Everywhere teenagers wear jackets, caps, and other clothing and accessories carrying the names of professional sports franchises have faded in recent years."

The rejection has hurt the leagues and some retailers. Sales of products licensed by the National Football League flattened at \$3 billion in 1998 after climbing steadily for years. Jumbo Sports Inc. recently filed for bankruptcy protection because of slumping sales in licensed team sportswear and other goods.

It is clear to those in the industry that the teenagers of the "echo boom" — the children of baby boomers — are responsible.

Gerard Taylor, the manager of Sports Maniac at Landmark Mall in

Alexandria, said most of his customers were 25 and older. The younger generation prefers to buy brand-name clothing, particularly Hilfiger designs, at other stores in the mall, he said.

"A lot of 16- and 17-year-olds are working, and they can buy Tommy and Polo clothing and Eddie Bauer jackets," he said.

The fading popularity of team apparel is a telling example of how the echo boom is starting to flex its economic muscle. The 27 million teenagers in America spent about \$14.1 billion in 1998.

This is something marketers have

discovered the hard way. After a long boom in sales, the NFL in 1996 began to see Tommy Hilfiger swipe some of its market share. The league is trying to entice youths back with new designs and color mixes.

Estimated sales of licensed basketball team apparel and other products dropped almost 40 percent to \$1.4 billion last year, according to License magazine, although the NBA lockout that started last summer was partly to blame.

Marketers and the leagues are particularly worried about their lost sales because research indicates that teenage trends tend to solidify rather

than shift as the teenagers head into their twenties. Teenagers also influence clothing trends for their parents and younger siblings.

Retailers complain that it is hard to figure out what teenagers want. Peter Connolly, executive vice president of worldwide marketing at Tommy Hilfiger, said the company combed the streets to see what teenagers were wearing. What they really dislike, he said, is someone older telling them what to wear.

"There's nothing worse," Mr. Connolly said, "than a bunch of 35- to 40-year-olds trying to figure out what teenagers want."

DirecTV Offers \$1.8 Billion for Primestar

The Associated Press

NEW YORK — DirecTV Inc., the biggest U.S. satellite television service, said Friday that it was buying its No. 2 rival, Primestar Inc., for \$1.8 billion, in a deal that leaves only two major players to compete with cable in the satellite-dish industry.

The deal, announced Friday, along with DirecTV's pending purchase of a movie-channel service, will give DirecTV about 7 million U.S. subscribers and more than 370 channels. Its closest competitor, EchoStar Communications Corp., has about 2 million subscribers.

Primestar, controlled by five major cable companies, was initially

created to reach mostly rural customers who were unable to get cable. But the company has been struggling since a deal to buy Rupert Murdoch's U.S. satellite business was scrapped last year.

Primestar, based in Englewood, Colorado, has about 2.3 million subscribers to its 160-channel service. Primestar is owned by Tele-Communications Inc., Time Warner Inc., Media One Group, Comcast Corp. and Cox Enterprises Inc.

DirecTV has 4.5 million subscribers and is owned by Hughes Electronics Corp., an El Segundo, California-based unit of General Motors Corp.

DirecTV will acquire Primestar's medium-power satellite service and its ownership of high-power satellite licenses that allow for more channels than medium-power service. DirecTV and EchoStar own the only other satellite licenses for high-power direct broadcasting.

The deal is subject to approval by GM's board, Primestar's lenders and government regulators.

In December, DirecTV announced a \$1.3 billion takeover of United States Satellite Broadcasting in a move to expand its dominance in satellite broadcasting, with plans to provide a range of TV and Internet-access services.

U. S. STOCK MARKET DIARY

Friday, Jan. 22

Most Active

Index	High	Low	Last	Chg.
Dow Jones	9120.67	9076.26	9120.67	-143.41
S&P 500	1225.19	1235.16	1225.19	-9.97
Nasdaq	2338.88	2344.72	2338.88	-5.84
AMEX	708.45	709.66	708.45	-1.21

Standard & Poor's

Industry	High	Low	Last	Chg.
Automotive	151.18	149.74	150.00	-1.18
Chemicals	462.18	457.49	460.00	-2.69
Electronics	225.18	224.54	224.00	-0.18
Energy	125.18	124.11	124.00	-0.18
Finance	65.18	64.11	64.00	-0.18
Food	115.18	114.11	114.00	-0.18
Healthcare	115.18	114.11	114.00	-0.18
Technology	115.18	114.11	114.00	-0.18
Telecom	115.18	114.11	114.00	-0.18
Transportation	115.18	114.11	114.00	-0.18
Utilities	115.18	114.11	114.00	-0.18

NYSE

Company	High	Low	Last	Chg.
Alcoa	45.18	44.11	44.00	-1.18
Amgen	115.18	114.11	114.00	-1.18
Boeing	115.18	114.11	114.00	-1.18
Chrysler	115.18	114.11	114.00	-1.18
Citigroup	115.18	114.11	114.00	-1.18
Deere	115.18	114.11	114.00	-1.18
DuPont	115.18	114.11	114.00	-1.18
Eastman	115.18	114.11	114.00	-1.18
Exxon	115.18	114.11	114.00	-1.18
General Electric	115.18	114.11	114.00	-1.18
General Motors	115.18	114.11	114.00	-1.18
Hewlett-Packard	115.18	114.11	114.00	-1.18
IBM	115.18	114.11	114.00	-1.18
Johnson & Johnson	115.18	114.11	114.00	-1.18
Kodak	115.18	114.11	114.00	-1.18
McDonald's	115.18	114.11	114.00	-1.18
Merck	115.18	114.11	114.00	-1.18
Microsoft	115.18	114.11	114.00	-1.18
Motorola	115.18	114.11	114.00	-1.18
Pfizer	115.18	114.11	114.00	-1.18
Procter & Gamble	115.18	114.11	114.00	-1.18
Rockwell International	115.18	114.11	114.00	-1.18
Schlumberger	115.18	114.11	114.00	-1.18
Spallco	115.18	114.11	114.00	-1.18
Tyco International	115.18	114.11	114.00	-1.18
United Technologies	115.18	114.11	114.00	-1.18
Walt Disney	115.18	114.11	114.00	-1.18
Wendover	115.18	114.11	114.00	-1.18
Westinghouse	115.18	114.11	114.00	-1.18
World Wide Web	115.18	114.11	114.00	-1.18
Yahoo!	115.18	114.11	114.00	-1.18
Zenith Data Systems	115.18	114.11	114.00	-1.18

Nasdaq

Company	High	Low	Last	Chg.
Alcoa	45.18	44.11	44.00	-1.18
Amgen	115.18	114.11	114.00	-1.18
Boeing	115.18	114.11	114.00	-1.18
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Westinghouse	115.18	114.11	114.00	-1.18
World Wide Web	115.18	114.11	114.00	-1.18
Yahoo!	115.18	114.11	114.00	-1.18
Zenith Data Systems	115.18	114.11	114.00	-1.18

AMEX

Company	High	Low	Last	Chg.
Alcoa	45.18	44.11	44.00	-1.18
Amgen	115.18	114.11	114.00	-1.18
Boeing	115.18	114.11	114.00	-1.18
Chrysler	115.18	114.11	114.00	-1.18
Citigroup	115.18	114.11	114.00	-1.18
Deere	115.18	114.11	114.00	-1.18
DuPont	115.18	114.11	114.00	-1.18
Eastman	115.18	114.11	114.00	-1.18
Exxon	115.18	114.11	114.00	-1.18
General Electric	115.18	114.11	114.00	-1.18
General Motors	115.18	114.11	114.00	-1.18
Hewlett-Packard	115.18	114.11	114.00	-1.18
IBM	115.18	114.11	114.00	-1.18
Johnson & Johnson	115.18	114.11	114.00	-1.18
Kodak	115.18	114.11	114.00	-1.18
McDonald's	115.18	114.11	114.00	-1.18
Merck	115.18	114.11	114.00	-1.18
Microsoft	115.18	114.11	114.00	-1.18
Motorola	115.18	114.11	114.00	-1.18
Pfizer	115.18	114.11	114.00	-1.18
Procter & Gamble	115.18	114.11	114.00	-1.18
Rockwell International	115.18	114.11	114.00	-1.18
Schlumberger	115.18	114.11	114.00	-1.18
Spallco	115.18	114.11	114.00	-1.18
Tyco International	115.18	114.11	114.00	-1.18
United Technologies	115.18	114.11	114.00	-1.18
Walt Disney	115.18	114.11	114.00	-1.18
Wendover	115.18	114.11	114.00	-1.18
Westinghouse	115.18	114.11	114.00	-1.18
World Wide Web	115.18	114.11	114.00	-1.18
Yahoo!</				

EUROPE

High Profits at Porsche and Opel

Export Sales Led the Way, Germany-Based Carmakers Say

FRANKFURT — Porsche AG and Adam Opel AG said Friday that their earnings rose last year, mostly because of strong export sales.

Opel, a unit of General Motors Corp., said it expected to post net profit of more than 400 million Deutsche marks (204.5 million euros; \$237.3 million) for 1998, after a loss of 228 million DM in 1997. Sales rose to a record 3.02 billion DM from 3.0 billion DM.

Porsche expects its full-year profit to top the record 324 million DM it earned in 1997, and said sales would exceed 5.5 billion DM, compared with 4.9 billion DM.

Opel said total sales of its new Astra model reached 219,000 in 1998, although the company's German market share slipped to 14.2 percent from 16.8 percent in 1997.

Porsche sells about 75 percent of its cars abroad, and North America is its biggest market. Because its results are preliminary, Porsche did not break out its U.S. unit sales figures, but a spokesman said U.S. sales were "very strong."

The company's sports cars have thrived in the United States, largely because of the strength of the U.S. economy and the popularity of the new Boxster and the redesigned 911.

"The U.S. is very important for Porsche," said Ludhar Lubietzki, an analyst at Easikda Securities in London, who said Porsche's sales could cool slightly in the second half as the European car market slows.

Porsche said it planned to introduce a sport-utility vehicle to compete with DaimlerChrysler AG's Jeep Grand Cherokee and Toyota Motor Co.'s Land Cruiser. Sales of the vehicle are to begin in 2002.

The new vehicle will be developed with Volkswagen AG, and both companies will offer such a car using the same platform, although with different equipment and appearance. No decision has been made as to where the car will be produced, and Porsche hopes to sell 20,000 annually.

Opel's profit rebound comes on the heels of a change in its management. In late October, GM announced that Robert Hendry, chief executive at Saab Automotive AB, would takeover at Opel, replacing Gary Cowger, who returned to the United States to head labor relations. Mr. Cowger had been at Opel's helm for only a few months, replacing David Horman, who left last summer after six years as chief. (Bloomberg, AFP, Reuters)



Wendelin Wiedeking, Porsche's CEO, at a shareholders' meeting.

Daimler-Chrysler Talks

DaimlerChrysler AG and Nissan Motor Co. confirmed Friday that senior officials of both companies met this week to discuss a link, but said nothing had been decided, Bridge News reported.

Executives from both companies discussed possible cooperation involving Nissan's Diesel Motor Co. truck subsidiary and other projects.

Along with Ford Motor Co. and Renault SA of France, DaimlerChrysler has been cited this month in press reports as a potential partner for Nissan. Renault on Monday confirmed that it was in negotiations with the Japanese group, which lost \$100 million in its 1997 financial year and has debt of \$20 billion.

Senior executives of Nissan have indicated that they might be willing to sell a stake to a foreign partner.

A Big Jump For Matif?

Maybe Not

Bridge News

PARIS — Executives at Matif, the French futures exchange, acknowledged Friday that published figures supporting its efforts to remain a player in a key area of the market for European financial derivatives were not quite what they seemed.

According to an advertisement in the Financial Times on Friday, open interest — the total number of contracts outstanding — for the exchange's short-term interest-rate future totaled 400,000 contracts.

However, Matif had said Tuesday in a press release that open interest totaled 224,000 contracts, implying a sharp increase in a short time.

Matif officials said Friday that the new figure for open interest included open interest in the futures contract on the Paris interbank offered rate, or Pibor, which has not traded since Dec. 30.

The contract became redundant with the Jan. 1 introduction of the euro, when Pibor technically became the same thing as Euribor, the European interbank offered rate. On Tuesday, Matif did not include the Euribor equivalent of the Pibor contracts in its volumes.

The exchange's interest-rate future is now indexed to Euribor, and is competing with similar contracts listed on Eurex — the German-Swiss derivatives exchange — and the London International Financial Futures and Options Exchange. The desire to show strong levels of open interest is emblematic of the battle among the three exchanges to establish a dominant position in the market for Euribor rate futures.

The fight is of particular importance to Lifte, The London exchange rapidly lost business in its former flagship contract, futures on long-term German government bonds, to Eurex in 1997 and 1998.

Matif executives denied that they used creative accounting in the advertisement of the exchange's open interest figures, pointing out that the Pibor and Euribor contracts were effectively identical. Indeed, Pibor positions can be switched into Euribor contracts free of charge until June 1. But many users who opened Pibor positions to hedge against market movements may simply leave them open until they expire.

Peugeot Proposes Plan on Short Workweek

Compiled by Our Staff From Dispatches

PARIS — PSA Peugeot Citroen SA offered on Friday a plan to its employees to shorten the average workweek to 35 hours without cutting wages.

The plan, coming after four months of negotiations with unions, also would cut staff through a major early retirement program and make room for younger workers. It envisages 12,500 early retirements over five years, with a third of the departing staff to be replaced by younger workers.

Trade unions have been given 10 days to respond to the plan. Their initial reactions were mixed. Joel Moreau, a representative of the General Labor Confederation, or CGT, told France Info radio that the union would not sign, saying the 3-to-1 ratio of

retirements to new hires was unacceptable.

But Michel Prost of the Confederation of Independent Unions, or CSI, said there were positive elements in the plan.

An accord would represent a success for the Socialist-led government, which is pressing private-sector companies to negotiate agreements for a 35-hour average workweek in a bid to bring down France's 11.5 percent unemployment rate.

In London, meanwhile, Peugeot said it would hire additional workers at its plant in Coventry, England, as it adds shifts and increases output to keep up with strong demand for its 206 small car model.

Peugeot shares closed Friday in Paris at 138 euros (\$160.11), down 2.40 euros. (Reuters, Bloomberg)

U.K. Economy Barely Escapes Falling Into Recession

Compiled by Our Staff From Dispatches

LONDON — The economy narrowly avoided falling into recession in the fourth quarter, figures released Friday showed, as the service sector expanded enough to offset weakness in the manufacturing sector.

Preliminary estimates showed that Britain's gross domestic product rose 0.2 percent in the quarter and 1.6 percent for the year, the Office for National Statistics said. But the quarterly rise was the lowest since the second quarter of 1992, when Britain was mired in its last recession, and the annual growth rate was the weakest since the first quarter of 1993.

The service sector, which accounts for two-thirds of the economy, grew 0.6 percent on the quarter, slowing from the 0.8 percent gain seen in the third quarter. The yearly rise was 2.9 percent.

"These figures confirm the feeling I had late last year," said Martin Weale, director of the National Institute of Economic and Social Research. He said some people — and possibly trading houses that were trying to recover positions — preached a disaster that did not seem to be substantiated by fundamentals. "There may still be a technical recession, but I think that's a bit unlikely, and certainly a major recession is even more unlikely," he said.

A recession is defined as two consecutive quarters of negative growth. A contraction in the fourth quarter of last year would have provided the base for what is widely expected to be negative growth in the first quarter of this year.

"It shows those making predictions to the contrary were wrong," a spokesman for Prime Minister Tony Blair said.

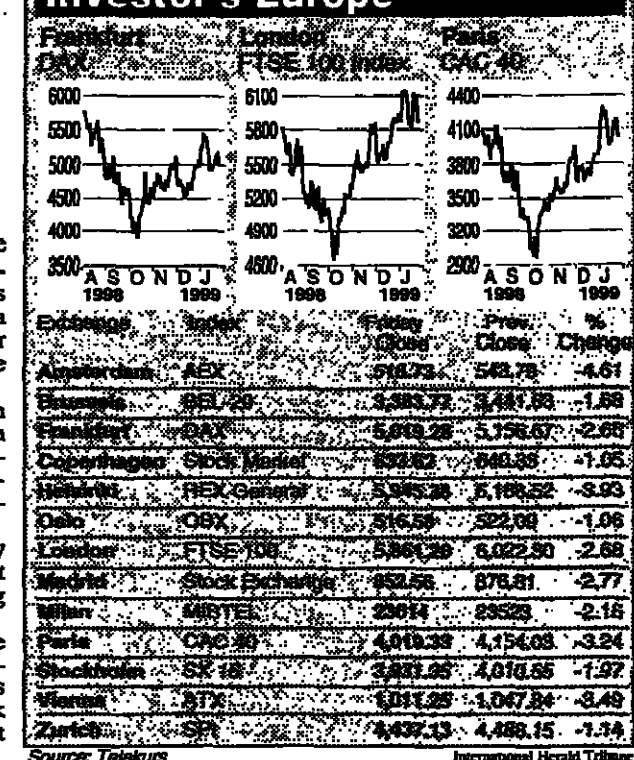
But analysts warned the data could be revised downward when revised figures are released in February.

"There does appear to be a certain amount of downward momentum, which may show up in the next couple of quarters," said Jonathan Loynes, economist at HSBC.

Analysts also agreed that the Bank of England was likely to maintain its aggressive rate-cutting stance. The central bank has cut its base rate 1.5 percentage points since October. It now stands at 6 percent.

"We still think they will squeeze in a February rate cut, and possibly pause for a couple of months to assess the impact of the easing," Mr. Loynes said. (Bridge News, Reuters)

Investor's Europe



Very briefly:

- Royal & Sun Alliance PLC is considering a cash-and-share bid for rival Guardian Royal Exchange, which put itself up for sale last year and asked Morgan Stanley & Co. to help in the auction process after it received informal bids.
- Siemens AG's net income climbed 12 percent in the first quarter that ended Dec. 31 to 639 million Deutsche marks (\$378.8 million), as sales rose 16 percent to 28.8 billion DM.
- Cellular Communications International Inc. directors recommended accepting a revised \$1.8 billion bid from Olivetti SpA and Mannesmann AG. CCI, whose sole asset is 10.3 percent of Omnitel Pronto Italia SpA, rejected Olivetti and Mannesmann's previous \$1.5 billion bid last week.
- Nokia Oy of Finland won an order to supply transmission equipment and services to Telet2 Europe of Luxembourg to build the backbone of a 12-country European telecommunications network that includes telephony, fax, data transmission and access to the Internet.
- France Telecom SA plans to spend \$2 billion over 10 years on Dutchstone, its joint venture with Rabobank Nederland NV and ABN-Amro Holding NV.

An Easier Road to Euro for U.K.?

The Associated Press

FRANKFURT — The European Central Bank chief Friday suggested easing conditions for Britain to join the single European currency.

Until now, candidates had to show stability in exchange rates with European currencies for at least two years.

Wim Duisenberg, president of the European Central Bank, suggested the two-year rule be dropped in favor of "a protracted period of stability" in exchange rates.

WORLD STOCK MARKETS

Friday, Jan. 22									
Prices in local currencies									
In euros for EU countries									
Tel Aviv									
Amsterdam									
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NYSE

Friday's 4 P.M. Close
The 2,200 most traded stocks of the day.
National market prices not reflecting late trading elsewhere.
The Associated Press.

Stock	Div Yld	PE	100 High	Low	Last	Chg
IBM	4.8	15.2	125.00	124.00	124.00	0.00
Microsoft	0.0	28.5	56.00	55.00	55.00	0.00
Apple	0.0	25.0	45.00	44.00	44.00	0.00
Amazon	0.0	15.0	15.00	14.00	14.00	0.00
Google	0.0	15.0	15.00	14.00	14.00	0.00
Yahoo	0.0	15.0	15.00	14.00	14.00	0.00
Oracle	0.0	15.0	15.00	14.00	14.00	0.00
SAP	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00

Stock	Div Yld	PE	100 High	Low	Last	Chg
Merck	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00

Stock	Div Yld	PE	100 High	Low	Last	Chg
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00

Stock	Div Yld	PE	100 High	Low	Last	Chg
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00

Stock	Div Yld	PE	100 High	Low	Last	Chg
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00

Stock	Div Yld	PE	100 High	Low	Last	Chg
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00

Stock	Div Yld	PE	100 High	Low	Last	Chg
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00
Novartis	0.0	15.0	15.00	14.00	14.00	0.00
Roche	0.0	15.0	15.00	14.00	14.00	0.00

Yen's
Minist on
End of Crisis

KRUPIC: 17

Continued on Page 14

سكاي ان ال اهل

Friday 3-4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

Line	Label	Qty	Unit	Price	Total
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Friday's 4 P.M. Close
The 150 most traded stocks of the day,
up to the closing on Wall Street.
The Associated Press.

[illegible]

Friday's 4 P.M. Close
(Continued)

12 Month Low Stock		DY Yd PE 100 High		Low/Lookup Crps	
V-2-2					
1	100	100	100	100	100
2	100	100	100	100	100
3	100	100	100	100	100
4	100	100	100	100	100
5	100	100	100	100	100
6	100	100	100	100	100
7	100	100	100	100	100
8	100	100	100	100	100
9	100	100	100	100	100
10	100	100	100	100	100
11	100	100	100	100	100
12	100	100	100	100	100
13	100	100	100	100	100
14	100	100	100	100	100
15	100	100	100	100	100
16	100	100	100	100	100
17	100	100	100	100	100
18	100	100	100	100	100
19	100	100	100	100	100
20	100	100	100	100	100
21	100	100	100	100	100
22	100	100	100	100	100
23	100	100	100	100	100
24	100	100	100	100	100
25	100	100	100	100	100
26	100	100	100	100	100
27	100	100	100	100	100
28	100	100	100	100	100
29	100	100	100	100	100
30	100	100	100	100	100
31	100	100	100	100	100
32	100	100	100	100	100
33	100	100	100	100	100
34	100	100	100	100	100
35	100	100	100	100	100
36	100	100	100	100	100
37	100	100	100	100	100
38	100	100	100	100	100
39	100	100	100	100	100
40	100	100	100	100	100
41	100	100	100	100	100
42	100	100	100	100	100
43	100	100	100	100	100
44	100	100	100	100	100
45	100	100	100	100	100
46	100	100	100	100	100
47	100	100	100	100	100
48	100	100	100	100	100
49	100	100	100	100	100
50	100	100	100	100	100
51	100	100	100	100	100
52	100	100	100	100	100
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67	100	100	100	100	100
68	100	100	100	100	100
69	100	100	100	100	100
70	100	100	100	100	100
71	100	100	100	100	100
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89	100	100	100	100	100
90	100	100	100	100	100
91	100	100	100	100	100
92	100	100	100	100	100
93	100	100	100	100	100
94	100	100	100	100	100
95	100	100	100	100	100
96	100	100	100	100	100
97	100	100	100	100	100
98	100	100	100	100	100
99	100	100	100	100	100
100	100	100	100	100	100

Emerging Markets

عبرنا من الارض

Total percent return in U.S. dollars, Sept. 30 to Dec. 31, 1998

Source: Upper Analytical Section.

By Conrad de Aenlle

Continued on Page 16

By Judith Rehak

three countries are still in recession, with serious unemployment and rocky times

Total % return in U.S. dollars Sept. 30 to Dec. 31, 1998

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only to see his performance hammered when

tions companies. For him, even Russia has a

asked. "They've all gone."

— *Journal of the American Medical Association*, 1997

THE MONEY REPORT

Leading Bond Mutual Funds in the 4th Quarter Total percent return in U.S. dollars, Sept. 30 to Dec. 31, 1998

U.S.		U.S.		U.S.		U.K.		Japan		Lloyds	
Salomon's Em Mkt Debt	17.93	TIF-Emerg Fnd Inc Mkts	12.69	BT GAF-GL Hl Yld Inc	27.86	Schroder UK IL Gilt Inst	5.70	Japan CS-Univ-Fonds	13.13	Lloyds Govt Bd-Nikka	17.69
TCW Global Sm Mkt Inc	17.88	State St Emerg Mkts Sel	12.68	DB Dragon Bond	28.44	Fleming Select UK Index Linked	5.44	DIT Ltz2 Spec 6/2005	8.20	CS Bond Dynamic YEN	14.83
Oldbank Emerg Mkts Sel	17.11	Fidelity Adv Emerg T	11.60	Plus 500 Em Mkt Sinc	19.89	Perpetual PEP Bond Acc	5.05	DIT-Dres LtzSp12-99	6.10	Lloyds Govt Bd-S&P	7.50
Phoenix Emerg Mkt Bd A	16.84	Fidelity Emerg Fnd Inc	11.58	Gulf FI GS-YEN Bond	17.91	United Friendly Indx Link Gilt	4.96	ADMG Laufzeit 1001	4.68	Mutibond Hl Yld	3.08
SEI Inst Em Dbl A	16.20	Federated Int Hl Inc B	11.47	Patriot-Brazil Bd	17.24	ABN AMRO High Income	4.27	Gerling Global Rent	3.49	SBC Bd Selection GBP	2.84
MFS Emerg Mkt Debt A	15.97	AIM Rmrg Mkts Debt B	11.43	Group Average	2.49	Group Average	2.20	Group Average	1.57	Group Average	1.73
Alliance Gbl Dollar B	14.77	Group Average	1.16								
Nat-App Emerg Mkts Sel	13.97										
GMO Emerg Day Debt IV	13.21										
T Pover Prior Inc Em Bd	12.43										

Source: Lipper Analysis Services.

4th Quarter Saves a Year When Even the Markets Didn't Beat the Benchmarks

Continued from Page 15

An example is PMC-Sierra, which makes semiconductor chips used in the routers and switches over which Internet traffic moves.

"Everyone freely admits these are not tulip bulbs; the phenomenon is real," Mr. Landis said of the frenzy to own Internet stocks. "But everybody pretty much agrees valuations are silly. A few people are bold enough to predict that there's a valuation bubble and it's going to burst, but they've been ruinously wrong."

He added that "if the bubble bursts, we will be hit, but not as hard" as investors in the more widely known Internet stocks.

That was the case when the market fell last summer. Companies in his portfolios fell, but they recovered quickly when they met their earnings expectations.

"Any stock can be given a haircut, but people will come back if they are given a reason to," Mr. Landis said.

A FUND THAT did not benefit from the interest in technology, or stocks in general, was Prudent Bear, which specializes in short-selling, a strategy intended to profit from declining share prices. After being the best stock fund in the third quarter, it lost 29.2 percent in the fourth.

David Tice, Prudent Bear's manager, said the fund did not have large short positions in the Internet high-fliers. He had credited much of the fund's success in the third quarter to Internet shorts, however, so they must have been covered in the last three months. He did concede that the fund had been "hurt by some technology stocks and by biotech companies that gained dramatically."

"Our major mistake was that we were more aggressive than we should have been in the fourth quarter," Mr. Tice said. "We felt like this rally would likely abort at any time, and it kept going and going and going. We used options extensively to both limit our risk yet also to give us great

upside if the decline started anew, and we were hurt by too many losses in this area."

He said he was maintaining short positions in "a number of financial stocks and some biotech companies that are being hyped." Noting the various internal divergences in the market, he added, "We don't believe they can last much longer."

"The more important divergence to us is the one between the stock market and corporate earnings," he said. "We don't think that can continue much longer, given that we expect at least 10 percent lower earnings for 1999, with flat to higher long-term interest rates."

The fourth-quarter recovery was weaker in other developed stock markets than in the United States. The best funds targeted emerging markets that bounced back sharply after being deeply oversold, just as with bond funds. Several funds investing in South Korea and Indonesia doubled or nearly doubled in the three months.

Paul Schulte, an Asia analyst at ING Barings, which runs an offshore South Korea fund that rose 90.6 percent in the quarter, attributed the recovery in the region to the sudden shift by central bankers around the world to a policy of easier credit to maintain liquidity in the financial system.

The result has been a sharp drop in the cost of borrowing, which is critical in the manufacturing economies of Asia, particularly heavily indebted South Korea. ING's analysts call South Korea the cheapest market in Asia and have increased their recommended exposure there.

"The cost of capital has fallen across the region without exception, in most cases to pre-crisis levels," Mr. Schulte said. "The crucial question is: Are there bombs that could detonate and drive the cost of capital back up to levels which will destroy equity valuations?"

For him the answer is yes. The potential difficulties include the continuing and worsening circumstances in Russia and Brazil, as well as the precarious state of consumer spending in the United States, which has risen to the point that Americans are dipping into their savings to buy things.

Mark Mobius, head of the emerging-markets division at Franklin Templeton Group, which had two offshore Asia funds that each rose more than 87 percent, warned investors "not to be sidetracked by these percentage changes," which represent rebounds from low bases that still leave Asian markets well below highs set five years ago.

Still, he said, Asia and other emerging countries are "building the foundations for the next bull market."

"The economies are still in trouble," he added, "there is still a lot of work to be done and reforms to be passed, but markets always anticipate these things."

THAT ALSO holds in Brazil, which sent markets around the world down, then up, after it devalued its currency.

"Brazil is not out of the woods, but the market is anticipating them getting their house in order," Mr. Mobius said. "Letting the currency go was a smart move; they don't have to worry about foreign-exchange reserves. In terms of reform of the budget, that is ongoing."

Brazil's president, he added, was "making headway, getting things passed in Congress despite resistance."

He said he expected the fight to be successful because of the need in Brazil and other emerging markets to appease investors in order to get more of their money.

"There's a thread that runs through these things," Mr. Mobius said. "These countries need capital desperately. There's no way they're going to get that kind of money, given the way foreign investors were burned in the last crash, until they are perceived as having their house in order. Thailand and Korea have led the way and will demonstrate that by biting the bullet and taking swift corrective action. They will be at a tremendous advantage and will get more money."

Templeton's funds spent much of last year doing worse than their peers in emerging markets. Mr. Mobius's explanation is that stocks fell to reasonable levels, but after his funds invested in them, they fell further, to unreasonable levels.

"When you're in these falling markets, value investors like us look for bargains, but no one knows where the bottom is," he said. "When a market goes down 50 percent, you start buying, but then the market goes down 80 percent. We're building up positions where two years later they will stand in good stead. It's the story of our life: We'd love to say, 'This is the bottom, now we can begin buying,' but that's impossible."

Many bears in the U.S. market think the same way, but in reverse, arguing that stocks long ago became overvalued based on historical norms and are now just more overvalued.

"Arguing that the stock market is not dangerously overvalued today is equivalent to arguing that stock prices were undervalued for the previous 60 years, many of which saw lower inflation, lower interest rates, faster economic growth and higher productivity gains," said Mr. Stack of InvestTech.

The greatest valuation extreme, he and other analysts contend, is in the Internet sector, where few companies have earnings or even appreciable revenues. If those stocks go, they say, they could take the rest of the market down with them.

"We are concerned about the latest surge in Internet-related stocks, which appear to have gone through a blow-off phase," said Richard McCabe, chief market analyst at Merrill Lynch & Co.

"Exceptionally strong, or cult, stocks have often turned down at the beginning of a new year, and the Internet stocks could be vulnerable now," he added. "Such reversals in popular groups have often had negative consequences for the market as a whole."

For further information:

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THE MONEY REPORT

BRIEFCASE

Japanese Brokers Rush to Internet

With the country's deregulation machine in high gear and public use of the Internet expanding, Japanese are finding it increasingly easy to learn the art of cyberspace investing.

Nearly 20 Japanese brokerage companies offer on-line trading to individual investors. Most of the companies are adding new on-line accounts each month as more Japanese turn to the Web for investment advice. But the companies' traditional mindset of honoring entrenched interests and their lack of technological experience may hamper their ability to compete with foreign brokers.

Daiwa Securities Co. blazed the trail when it established an on-line service in April 1996, about the time that some of the first U.S. electronic brokers began offering trading to American investors. But growth has been sluggish.

Daiwa has only 16,000 trading accounts, with other large Japanese firms trailing far behind. Aside from the market doldrums—the Nikkei stock index is trading about where it was in 1986—one explanation for the slow growth is that there is no discount on transaction fees.

For transactions of less than 50 million yen (\$440,000), commissions are regulated at a fixed rate. Japanese individual traders must wait until later this year for the government to liberalize commissions.

Another stumbling block is the larger firms' general lack of enthusiasm for on-line trading. Most large brokerages, including Nomura Securities Co. and Nikko Securities Co., acknowledge that even as they introduce Internet-based trading, they find it difficult to aggressively promote the service because

of internal sensitivity. They do not wish to spook their commission salesmen with trades that bypass mediating human hands.

The top three firms, Daiwa, Nikko and Nomura, charge an onerous annual fee of 12,000 yen for an on-line account, although smaller firms generally waive that charge.

But Mitsuharu Nakano, a strategist at Daiwa Institute of Research, said of the advent of on-line trading: "You can't really control it. You might offer some resistance, but sooner or later, someone else is going to come along and take away the business."

That someone might be foreign brokers. Softbank Corp., for example, has joined with E*Trade to establish an E*Trade branch in Japan, intending to offer services to Japanese investors in the spring.

Meanwhile, smaller Japanese securities firms, such as Matsui Securities Co., Imawaga Securities Co. and Iwai Securities Co., are approaching Internet trading with enthusiasm. Matsui Securities, an industry maverick, said it expected its on-line trading to evolve into a pivotal business unit.

In three years, revenue from the two areas (off-line and on-line trade commissions) will have traded places," said Yoshihito Saito, director of system development at Matsui. In a bold move, the firm has already said that its on-line trading fees will be slashed to a third of the current level after liberalization.

James Fiorillo, financial sector analyst at ING Barings Securities (Japan) Ltd., said that since a majority of the Japanese brokerage companies will perish in the Big Bang deregulation, some smaller players may be seizing on electronic trading as a means for survival. "How

can these firms survive without finding a niche of some sort?" he asked.

But analysts believe that Japanese firms, large or small, face tough competition, especially given the American prowess over Japan in both finance and information technology. A way to counter that for the Japanese, said Shogo Noguchi, Internet business analyst at Daiwa Institute of Research, would be to combine human assistance in local branches with on-line trading. Like Charles Schwab & Co. does in the United States.

But will Internet trading take off as it has in the United States? Based on government and private surveys, Mr. Noguchi estimates that the population of Internet users has now reached about 12 million, approximately 10 percent of the Japanese population. But Internet commerce is 40 to 50 times less than in the United States, he said.

Electronic trading could, however, lure back individual investors who had retreated from the market after its collapse early in the decade or who became alienated by scandals at large security houses.

Also, while the bulk of individual investors in Japan are retired people, Internet trading could draw a new generation of young, tech-savvy investors. In fact, most Japanese firms that offer on-line trading said that men in their 30s were the most active traders. (JHT)

WEB SITES For most of the brokers are in Japanese. Although they are theoretically available to investors anywhere, in practice only Japanese residents can easily open accounts. DAIWA: www.daiwa-sec.co.jp/ DAIWA SECURITIES: www.daiwa-sec.co.jp/ IMAGAWA: www.imagawa-sec.co.jp/ NIKKO SECURITIES: www.nikko-sec.co.jp/ NOMURA SECURITIES: www.nomura-sec.co.jp/ MATSUI SECURITIES: www.matsui-sec.co.jp/ WAKO SECURITIES: www.wako-sec.co.jp/ TOKYO GENERAL CORP.: is a commodity trading house with a big on-line business. It plans to launch its on-line trading on Feb. 1. Web site: www.tokyo-general.co.jp/

Virtue of Value: 'Growth at a Reasonable Price'

HAVE SOME sympathy for money managers. Right now, they are out trying to explain—to shareholders of their mutual funds, board members of their pension plans and rich holders of the individual accounts they run—why they did so poorly last year.

"Poverty" is a relative term. The average stock mutual fund returned 14.5 percent in 1998, according to Lipper Analytical Services Inc., and typical stock accounts performed about the same. Do that for five straight years, and you double your money.

The problem is that the Standard & Poor's 500-stock index, which is practically everyone's benchmark, returned 28.7 percent last year.

Of course, the managers have excuses—or explanations. The S&P is a capitalization-weighted index, which means that the big stocks have more influence on the outcome, and last year, the big stocks did spectacularly well, while most others were mediocre at best. Wilshire Associates Inc. has calculated that, if you give all 500 stocks in the S&P equal weight, the return was 13.9 percent—or roughly the same performance as the funds.

Steven Lockshin of Capital Management Strategies Financial Services Inc. pointed out to clients last week that "over half the stocks on the New York Stock Exchange posted negative returns for 1998."

"Likewise," he added, "despite the Nasdaq composite index's 38.5 percent return, more than half the stocks in the index lost money."

Do the customers buy such a rationale? The smart ones do, said Peter Morris, who, with Stuart Teach, manages the Arlington-based Homestead Value Fund as well as another \$3 billion in pension money for rural electric cooperatives, after returning from a visit to clients in North Carolina.

Mr. Morris and Mr. Teach have a special problem. They are value managers in a year that was particularly cruel to value stocks. While

the S&P growth index rose 32 percent, the value index rose just 11 percent. Homestead Value itself returned just 8.3 percent, including reinvested dividends. That is a big decline from the five preceding years, when the fund chalked up returns averaging 19.8 percent—slightly ahead of the S&P and at considerably lower risk.

Are the Homestead managers thinking about changing their orientation? This is the question many investors are asking themselves. Mr. Teach isn't going to change.

Each of these companies is in-

year were high-tech growth stocks—it is perfectly understandable.

A. Marshall Acuff Jr. and John MacNeil at Salomon Smith Barney Inc. have an approach that fits this mold: "growth at a reasonable price." Last week, they recommended four such stocks: MCI WorldCom Inc., the telecommunications conglomerate; Raytheon Co., the dominant player in defense electronics; Saks Inc., the department-store chain; and Steris Corp., which makes infection-prevention products.

Each of these companies is in-

monthly contributions, you should be able to open an account with no money down.

The top holding in the fund is Maytag Corp., the appliance maker, which also owns such brands as Hoover and Jenn-Air. It is followed, in order, by Southwest Airlines Co.; BellSouth Corp.; Brinker International Inc., which operates and franchises restaurants such as Chili's Grill & Bar; and Rudderick Corp., which owns a supermarket chain (Harris Teeter Inc.) and a maker of industrial sewing thread (American & Efford Inc.).

Mr. Morris and Mr. Teach also manage a new small-cap value fund—a courageous, but also sensible, move in a market that thoroughly dislikes such stocks. Top holdings include American Freightway Inc., a fast-growing trucking company; Alberto-Culver Co., hair products; and UMB Financial Corp., a Kansas City bank and financial services firm.

None of their leading stocks has a super-low P/E ratio. Mr. Morris and Mr. Teach are not bottom-feeders—instead, they seem to hew to the "growth at a reasonable price" philosophy. Southwest, for example, trades at a P/E of 21, with an earnings growth rate in recent years of 13 percent; Rudderick trades at a P/E of 18 and is growing at 12 percent. The average P/E for stocks in the fund is 18, compared with 33 for the S&P and 24 for the Dow Jones industrials.

So the big question for value lovers is whether to go for gun-glow value—including languishing small-caps trading at P/E's of 7—or to stay with modified value.

My own inclination is to do both, and to make sure I have some growth stocks as well. No one can predict the market, and diversification provides some security—although at the cost of missing the jackpot.

Washington Post Service

For further information, call:

• HOMESTEAD VALUE FUND, Call 1-800-669-6699, or

• KOBREX DELPHI VALUE FUND, Call 1-800-871-3022 (collect calls accepted from outside the United States), or toll-free from within the United States, 1-800-456-2736.

JAMES K. GLASSMAN ON INVESTING

"Value still beats growth over long periods of time," he said, citing academic studies. But still, it is time to reassess our fervent belief in companies that have low price-to-earnings ratios, high dividend yields and other indicators of value? Reassess, certainly. Reverse course, no.

Also, buying value stocks, which have been beaten down and forgotten, is more intellectually rewarding than buying growth stocks, which are what the masses like.

Last week at a meeting of the pension committee of a prestigious Washington organization, an able financial adviser explained why the stock portfolio—with a strong bias toward value—had returned only 17 percent. He, too, was not going to shift from value. Heads nodded in assent.

Still, the screaming values these days are in small-cap stocks, and one particularly sharp committee member should not be buying more. After all, since small-caps fell and large-caps rose last year, the small-cap proportion of the portfolio had dropped. Wouldn't it make sense to reallocate? Well, no, the adviser said.

This strategy might be called modified value, rather than gun-glow value, and in the current climate—in which, as Mr. Lockshin points out, eight of the 10 top performers last

year were high-tech growth stocks—it is perfectly understandable. A. Marshall Acuff Jr. and John MacNeil at Salomon Smith Barney Inc. have an approach that fits this mold: "growth at a reasonable price." Last week, they recommended four such stocks: MCI WorldCom Inc., the telecommunications conglomerate; Raytheon Co., the dominant player in defense electronics; Saks Inc., the department-store chain; and Steris Corp., which makes infection-prevention products.

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SPORTS

2d Delegate Resigns From IOC

Libyan Quits as Olympic Panel Readies Report on Ethics Scandal

LAUSANNE, Switzerland — The International Olympic Committee (IOC) director-general, Francois Carrard, said Mr. Attarabulsi and Mrs. Haeggen resigned in the "higher interest of the Olympic movement."

Mr. Attarabulsi did not rule out further resignations this weekend, when he is to receive an internal IOC report on corruption from Mr. Pound. He said 13 members were implicated in the IOC's investigation into cash payments, scholarships, medical treatment, gifts and other inducements related to Salt Lake City's winning bid for the 2002 Winter Games.

Olympic officials have identified other members accused of serious violations meriting possible expulsion: Agustin Arroyo (Ecuador), Zein el Abdin Ahmed Abdel Gafir (Sudan), Jean-Claude Ganga (Republic of Congo), Laima Keita (Mali), Charles Munkara (Kenya), Sergio Santander (Chile) and David Sibande (Swaziland).

Four members cited for lesser infractions are: Anton Geesink (the Netherlands), Louis Guirandou-N'Diaye (Ivory Coast), Kim Un Yong (South Korea) and Vitali Smirnov (Russia).

Also, Mr. Carrard said the IOC has discussed giving back a Swiss tax concession. He said the matter was reviewed because the IOC did not want to embarrass Swiss authorities.

In other developments:

• Britain's sports minister, Tony Banks, said Friday his country will not bid for the Olympics until the IOC "cleans up." Simon Clegg, chief executive of the British Olympic Association, called for Salt Lake to forfeit the 2002 Winter Olympics. His organization wants the bid process overhauled.

• The Dutch newspaper De Telegraaf reported Friday that Brazil's Joao Havelange, a long-standing IOC member and former president of soccer's governing body, FIFA, accepted lavish treatment by Dutch officials trying to bring the 1992 Games to Amsterdam.

De Telegraaf said Mr. Havelange, 82, was among those IOC members who was winced, dined and given gifts. The newspaper did not specify the treatment Mr. Havelange received, but quoted a former Amsterdam organizer as saying he "went overboard."

"I remember it very well because he had special wishes — wishes which were in conflict with the IOC laws," said Peter Kronenberg, who headed the press office of the Amsterdam Olympic Games 1992 Foundation.

• The Swedish newspaper Laestindningen reported Friday that Mr. Ganga, the IOC member from the Republic of Congo, asked the Ostersund, Sweden, bid committee for the 1994 Winter Games to build a handball arena in the Congo, and that Mr. Sibande sought money for a plane ticket. Laestindningen quoted a bid committee member, Stig Hedlund.

Later Friday, Mr. Ganga denied accepting bribes and charged his accusers with seeking to smear Mr. Samaranch. He said he would not resign from the IOC.

• Utah legislators want to tighten oversight of Olympic finances for the 2002 Winter Games. State Representative Jordan Turner's bill to create a panel of 12 senators and representatives was approved Thursday in committee and sent to the full House for consideration.

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Bruins' center Tim Taylor reaching for the puck while spinning under an Ottawa defenseman, Wade Redden, in Boston's loss to the Senators.

Trade Frenzy Begins in NBA As Lockout Officially Ends

By Mike Wise
New York Times Service

NEW YORK — Karl Malone and Charles Barkley are staying put, Latrell Sprewell and Scottie Pippen have moved on to New York and Houston, and Dennis Rodman still has no idea where he will end up.

On what may be remembered as the most chaotic day in modern NBA history, a flurry of transactions flooded the league's offices as teams scrambled to fill out their rosters in the lockout-shortened season.

The lockout was officially lifted at 2 P.M. on Thursday, New York time, as many teams opened training camp with half-full rosters and awaited players whom they had acquired in deals that had not yet been approved by the league. The shortened 50-game season begins Feb. 5 and ends May 5.

The Knicks took part in the day's most talked-about trade, acquiring the controversial Sprewell from Golden State for John Starks, Chris Mills and Terry Cummings.

Some of the day's other developments included the following:

• Charles Barkley, speaking from the Bob Hope Chrysler Classic in La Quinta, California, has apparently decided to re-sign with the Houston Rockets and join Scottie Pippen and Hakeem Olajuwon on the league's most star-studded front line.

• Karl Malone met with Utah Jazz owner Larry Miller, and has decided to remain in Utah after saying, last summer, that he would never play for the Jazz again.

• Damon Stoudamire agreed to re-sign with the Portland Trail Blazers for \$81 million over seven years, making him the highest-paid point guard in the NBA.

• Antoine Walker has apparently agreed to a six-year, \$71 million contract extension with the Boston Celtics. Walker, in the final year of his three-year rookie contract, will team with Tony Battie, who was acquired from the Los Angeles Lakers for center Travis Knight.

• The Charlotte Hornets wasted no time in adding Derrick Coleman, announcing the signing of the free agent power forward just minutes after the official opening of training camp. Coleman received \$40 million over five seasons. But Vlade Divac and Matt Geiger did not re-sign with the club. Divac apparently is headed to the Sacramento Kings, and Geiger signed with Philadelphia.

• Miami Heat shooting guard Voshon Lenard found to have a stress fracture in his left leg. He is expected to undergo surgery and be out for 8 to 10 weeks.

• After a deal with the Nuggets seemed to be unraveling, Antonio McDyess reached an agreement to return to Denver. McDyess was traded from Denver to Phoenix 15 months ago and both teams were bidding for his services. His new contract with Denver is a six-year deal worth a reported \$65.7 million.

Meanwhile, Rodman's agent, Dwight Manley, said that his client would not sign with any club before the coming week. The 37-year-old rebounder is likely to attract several offers.

Samaranch Should Resign From IOC

New York Times Service

NEW YORK — If the International Olympic Committee were a major business corporation, the directors and the stockholders would not be amused right now. The IOC is essentially in disgrace, visible to the world as lacking normal discipline or, one could even say, ethics.

The IOC, which preaches sportsmanship to the world, has been exposed as allowing, by benign neglect at best, perhaps more than 10 percent of its 114 delegates to reap personal gain by playing bidding cities against each other.

Any organization can deal with the lone wolf who cheats. What has happened at the IOC is much worse: a network of greedy delegates, opportunistic agents and cities on the make.

This is a mess. The corporations that pay the bills of the Olympic movement are understandably nervous. They do not want to commit additional money to the next set of Games until they can be reassured that their corporate logos are not going to be caught up in some decade-long Olympic game.

Imagine a Kenneth Starr-type prosecutor quivering with delight at the hint that Salt Lake City credit cards had been used at "escort services" to entertain visiting delegates.

International corporations know what to do after an embarrassment or a bad quarter or two. The directors summon the chief executive officer into the corporate suite and give him the world's biggest buyout. The process is cold-blooded, but it protects the company from a leader who may have lost touch.

The IOC does not have that kind of

Vantage Point/George Vecsey

oversight because it is in the control of Juan Antonio Samaranch, 78, the caudillo since 1980. His haughty responses in a telling interview in The Wall Street Journal this week indicate that Samaranch is not about to implement reform in the final two years of his term.

To give Samaranch his due, the IOC has expanded from merely a haven of the titled and the privileged to include new leaders such as the American rower and lawyer, Anita DeFrank, now an IOC vice president. Samaranch has sometimes been an eloquent voice for peace.

The issue is not whether Samaranch may have accepted the odd shotgun in Salt Lake City for the summer award in Japan.

As the president of an international organization, he receives protocol gifts, the IOC vice president Richard Pound said Thursday. "But whatever he gets goes back to the IOC, either on display or in storage."

Pound will fly to Lausanne, Switzerland, to present his report on corruption in the IOC on Sunday.

"We'd like to express our sincere apologies for the actions of certain members," Pound said Thursday. "Their conduct has been completely contrary to everything the Olympic movement has worked so hard to represent."

Pound insisted that Salt Lake City had been the obvious choice for the 2002 Winter Games, with or without the graft. There were more than a few locals in Salt Lake City who were quite comfortable

giving tuition, medical care, presents, money and goodness-knows-what to every delegate with an extended hand.

Bidding by cities does not have to be a festival of sleaze. There can be rules, says Donna de Varona, the Olympic swimming gold medalist and journalist who is head of the organizing committee for the 1999 Women's World Cup of soccer. De Varona previously helped secure potential cities for the 1994 World Cup.

"There was a limit on how much every city could spend," de Varona said Thursday. "No gifts were acceptable. No videos were allowed, just slides. Each city made a bare-bones proposal."

The pity of the current IOC scandal is that more than a few rogue delegates were totally comfortable in shaking down local officials.

There was clearly a don't-ask, don't-tell policy in effect, straight from the top. It would be hard to have faith in this administration, particularly as the monster of drug abuse looms.

Pound, a Canadian, a former Olympic swimmer, with a good reputation and vigorous involvement in Olympic business, can be counted on to document some of the blatant abuses.

However, that would only be the first rudimentary step toward a more modern and democratic IOC that better served athletes without ignoring graft. This meeting in Lausanne is the ideal time for Juan Antonio Samaranch to serve the Olympic movement and resign.

Islanders Break Through

New York Beats Penguins to End Winless Streak

The Associated Press

Joe Sacco scored a shorthanded goal as New York ended an 11-game winless streak by beating the Penguins in Pittsburgh, 5-2, in Bill Stewart's first game as the Islanders' coach.

Stewart, who had been an assistant under Mike Milbury, was named head coach Thursday afternoon after Milbury resigned to focus on his duties as general manager. Stewart was coach of the year in the American Hockey League last season, when he led the St. John's Flames to the Calder Cup final.

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NHL Roundup

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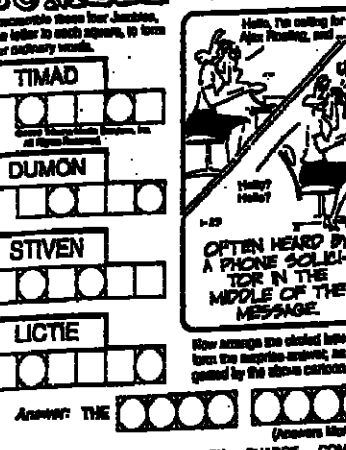
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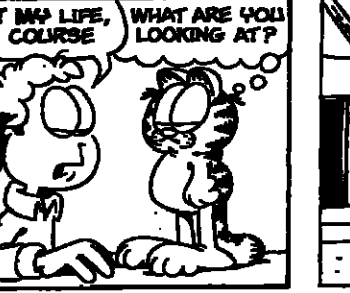
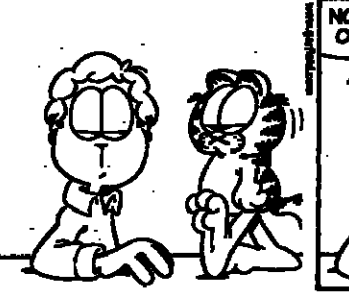
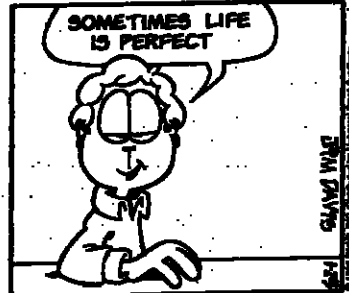
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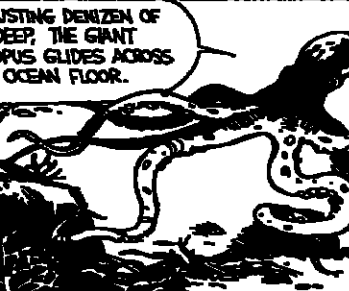
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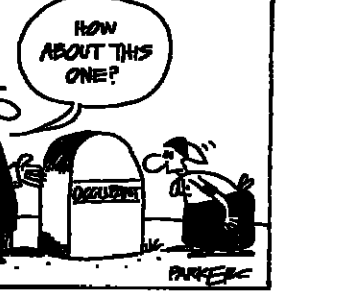
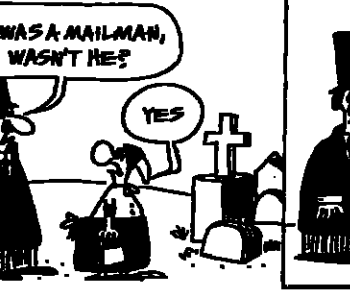
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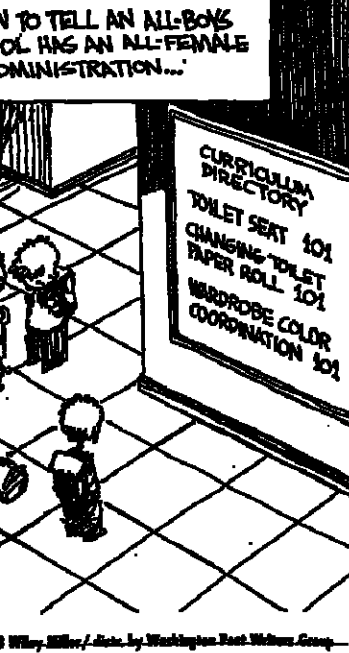
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DAVE BARRY

Paper Beats Rock!

MIAMI — In case you've been too busy to follow the Trial of the Century in the U.S. Senate, here's the complete official transcript so far.

SERGEANT AT ARMS: Hear ye! Hear ye! Hear ye! All persons shut up and pay attention for the trial of the impeachment of the president of the United States, William Jefferson Clinton, on charges of messing around! No chewing of gum!

SEN. LOTT: At this time, in accordance with the Senate Big Book O' Rules, Senator Thurmond shall swear in the Chief Justice of the United States.

SEN. THURMOND: Raise your right hand.

(The Chief Justice raises his hand.)

SEN. THURMOND (whispering to Lott): Why is he raising his hand?

SEN. LOTT: You told him to.

SEN. THURMOND: I told

who to?

SEN. LOTT: The Chief

Justice.

SEN. THURMOND: Well, that's different. (To the Chief Justice:) Do you solemnly

swear to tell the whole truth

and nothing but the truth, until death do you part?

CHIEF JUSTICE: I do.

SEN. THURMOND: You do what?

SEN. LOTT: At this time, the Chief Justice shall administer the Oath of Solemn Swearing in all senators heretofore

present.

CHIEF JUSTICE: Do you solemnly swear that in all things appertaining to and in pursuance of the trial of the impeachment of William James Madison Clinton, cross your heart and hope to die, including engine and transmission for three years or 30,000 miles, whichever comes first?

SENATORS: I do.

CHIEF JUSTICE: At this time, the Chairman of the House Judiciary Committee shall present the Articles of Impeachment of President Abraham Lincoln Clinton.

REP. HYDE (presenting the articles): Check out these babies.

SENATORS: Whoa.

CHIEF JUSTICE: The articles of impeachment of President William Woodrow Wilson having been presented, the Majority Leader and the Minority Leader shall now proceed with the Choosing of Who Goes First.

SENS. LOTT and DASCHLE: Once, two, three... shoot!

CHIEF JUSTICE: The Chair observes that the Minority

Leader made a rock and the Majority Leader made paper.

The Chair rules that paper beats rock.

SEN. DASCHLE: I didn't

make a rock! I made a crab!

SEN. LOTT: Objection!

This is Rock, Paper, Scissors!

You can't make a crab!

SEN. DASCHLE: Yes I can! Look! He's waving his

claws!

CHIEF JUSTICE: The Chair rules that paper beats crab.

The prosecution shall proceed.

REP. HYDE: For its first witness, the prosecution calls to

the stand White House aide Sidney Blumenthal. Mr. Blumenthal, please state your name.

MR. BLUMENTHAL: I don't recall.

SEN. THURMOND: Me either.

REP. HYDE: Mr. Blumenthal, would it be fair to state that

you remain a lot of people of some kind of burrowing

carnivore?

PERRY MASON: Objection, your honor! He's badgering

the witness!

REP. HYDE: The prosecution calls Monica S. Lewinsky.

Miss Lewinsky, on the evening of Nov. 15, 1993, did you go

to the White House wearing "thong" style underwear?

MISS LEWINSKY: Yes.

REP. HYDE: And are these the underwear in question?

PERRY MASON: Objection! He's wearing them back-

ward!

REP. HYDE: And while you were thus bethogged, Miss

Lewinsky, did the president, William Baines Johnson, to your

knowledge, commit a high crime or misdemeanor or take

some form of gander?

SEN. THURMOND: Are we voting on Barbecue Safety

Awareness Week?

REP. HYDE: Not right now.

SEN. THURMOND: Good, because I'm against it.

MISS LEWINSKY: Yes.

REP. HYDE: Yes what?

MISS LEWINSKY: I don't recall.

SEN. THURMOND: Or maybe I'm for it.

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Setouchi Jakuchō Takes Japan Back 1,000 Years

By Kaori Shoji

TOKYO — Setouchi Jakuchō enters a room and all conversation ceases. Fascinated eyes scrutinize her small figure, taking in every detail from the top of her perfectly shaved head down to the elegant sandals that adorn a pair of white, tiny feet. The looks are appreciative, even sexual, as if aimed at a model just stepped off a runway from a particularly radical, Yohji Yamamoto collection.

Actually, they are appraising a 77-year-old Buddhist nun, the reigning dowager novelist of Japan. Setouchi brings her hands together in a prayer and bows. It is only after she has sat down, arranged the folds of her *kezo* and presses everyone to sit as well, that the spell is broken and people are jolted into movement.

When an admirer takes out a camera, Setouchi rises gracefully, saying, "You would like to take a photo? Well I won't say 'cheese.' I always say 'Genji.'" As those in the room dissolve in polite but delighted laughter, the shutter clicks and the flash goes off.

The remark about Genji reveals that Setouchi is as much businesswoman as writer.

Having completed the modern Japanese translation of "The Tale of Genji," Setouchi has been on a nonstop lecture circuit for 14 months, covering Japan from end to end and grinning "Genji" before a million cameras.

She has enjoyed success through her 50-odd-year writing career, but nothing quite like this. More than 2 million copies of the book have been sold so far. Setouchi admits that she has been pleasantly surprised, though "when you think about it, it stands to reason."

She adds: "With the economy in such bad shape, people want an escape hatch. Something that's totally removed from their present state. And what can be better than a 1,000-year-old love story of royalties?"

Written by Lady Murasaki Shi-

kibu a millennium ago, "The Tale of Genji" is probably the most famous Japanese work in the world. Ironically, the text is indecipherable by modern standards and rare is the Japanese who can claim to have read the original. Various editions (including Junichiro Tanizaki) have cracked "Genji," but Setouchi is the only one who dared to translate it as she puts it, "into plain, no-nonsense language."

It's about time. Up to now, a "Genji" reader was hindered by two things: the sheer volume of the thing (more than 2,000 pages) and Murasaki's style — an almost total absence of nouns. To read it was to wade into a sea of disconnected verbs. (In addition, among scholars of the book, the biggest debate has always been over who did what.)

Setouchi explains that the style was typical of the period, especially in exalted circles. "It was the height of rudeness for anyone in the royal court to refer to names at all. In 'Genji,' everyone is referred to by the houses they live in or rooms they occupy. Calling anyone by name was an act of violence."

The exception is Genji himself, otherwise known as the "Shining Prince." Born as the son of the emperor and his favorite concubine, Genji matures from a beautiful baby into the most handsome prince the court has ever seen. He seduces everyone, including his stepmother at the age of 12, and his adopted daughter when he was 27. Genji literally spends the entire tale flitting from one lady's chambers to the next; "hot stuff" as Setouchi describes it.

"But it wasn't pornography," she adds. "All sexual acts are concealed under layers of robes or behind tastefully decorated screens. The sex in 'Genji' is very subtle and nuanced. The reader must guess what's going on, though it was always the same thing. If you know what I mean." She grins wickedly.

If Lady Murasaki was all for delicacy, her modern translator is exactly the opposite. "Why pretend it's the height of culture?" Setouchi



Setouchi dared to translate the book "into plain language."

asks. "People hear 'Genji' and immediately they talk in whispers, like in a museum. Hah, ridiculous! 'Genji' should be read on a sofa, with a box of cookies in hand."

After all, there was nothing very cultured about Genji's affairs (for all the flowery language) since they always began with what she calls "forced sex."

"It was rape, really," Setouchi says. "But then women of that era couldn't hope for much better. Re-

lationships began when a man broke into their chambers and ended when he stopped coming around. And remember that all marriages were arranged by the parents and used as political leverage."

Genji also used his many conquests to climb the political ladder. The Shining Prince wasn't exactly shining with innocence. I have him pegged as a scoundrel. And she adds: "Genji" was the first and last Japanese work to de-

dict royalty with such candor. If anyone tried the same thing today, they'd be thrown in prison."

Lady Murasaki would read aloud the day's installments to the emperor and his aides, who roared with laughter and clamored for more — "which goes to show how liberal Japan used to be in that respect."

Setouchi calls "Genji" her "life project" but contrary to popular belief, it wasn't the love/sex factor that triggered her translation. Setouchi — who has earned the nickname "Womb Writer" with her explosive autobiographical works of sex and family, and whose most recent work is about a sexually active 90-

year-old woman — says Genji's love affairs had never attracted her. "I felt that Genji's women were such saps — always ditched for someone new, waiting in vain for him to come around. I couldn't identify with them at all. Then I discovered that after a certain point, they broke with Genji and became nuns. For them, nunhood was a declaration of independence. That was what got me hooked."

Setouchi herself took the Buddhist habit at 51, though she had been "longing to do so all through my 40s."

She has a retreat in Kyoto, where women from the nation over come to seek her advice. "Of course I talk to them. Many say they want to become nuns. I tell them it's not like in 'Genji' where women didn't have much choice. Religion was often their only salvation. Today's women have a wider range of options."

In fact, she said, all those options make some women unhappy. "As for myself, Buddhism means that I would continue to exist in the secular world but that inside, I would be dead. I cry and laugh like anyone else but at the same time I'm detached. Like none of anything matters, and I'm not here at all. This is freedom you know, real freedom. I suppose that's what Genji's women wanted, too."

Kaori Shoji is a writer based in Tokyo.

PEOPLE

FRANKFURT, the birthplace of Johann Wolfgang von Goethe, is planning dozens of cultural events this year for the 250th anniversary of his birth. The official start of events honoring Goethe will be a performance of the first part of his dramatic poem "Faust" at the Frankfurt Schauspiel theater on Jan. 30, under the title "World Citizen Goethe — Open World of Frankfurt." That will be followed by more than 170 concerts, readings and exhibitions, over the next weeks and months, city officials said. The final celebration will be on his 250th birthday, Aug. 28, with a citywide festival and performances at the Alte Oper opera house.

The model Cindy Crawford is pregnant, the Miami Herald reported. Crawford married the businessman and former model Rande Gerber last May in the Bahamas. The child is expected in late June, the newspaper reported.

The author Salman Rushdie has con-

tributed lyrics to a new song by the Irish rock band U2. The Guardian newspaper reported Friday. Rushdie, who lived for nearly a decade under an Iranian death sentence prompted by his 1989 book, "The Satanic Verses," gave U2's lead singer, Bono, the lyrics for his new novel, "The Ground Beneath Her Feet."

The romantic ballad, also to be called "The Ground Beneath Her Feet," will be on U2's next album, the report said. "Bono and I have been friends for several years, and I sent him the novel when I'd finished it, and he responded by coming up with this beautiful melody," the newspaper quoted Rushdie as saying. "Simple as that, but of course very pleasurable." The author's collaboration with U2 would not be his first. He appeared on stage with the band in London in 1993.

Kirk Douglas and his wife, Anne, have given a total of \$738,000 to 38 recipients of the Playground Enhancement Awards, financed by the Douglasses and two foundations to create and restore play areas for children. "The

children of Los Angeles deserve to have clean, safe places to play," the actor said. "Anne and I firmly believe that playing not only leads to better learning, but is one of the basic rights of childhood that we should all work to protect." This year's awards are meant to create playgrounds for 56,000 children.

Burton Roberts, the model for the fiery judge in Tom Wolfe's "The Bonfire of the Vanities," is not exactly known for his patience. Maybe that's why the former Bronx judge's retirement lasted only about as long as other people's vacations. Just three weeks after leaving his position as chief administrative judge of the Bronx, Roberts announced that he was joining the law firm Fischbein Badillo Wagner Harding. Roberts spent a half-century in public service law, as a prosecutor, district attorney, judge and finally chief administrative judge. This will be the first time he has worked in private practice. He was required under New York state law to retire from the bench at 76.



LIMELIGHT — The actors Alain Delon, left, and Stéphane Freiss going to a rehearsal in Brussels of the play "Variations Enigmatiques," a transfer from Paris.



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